

EUROPEAN NEWS

Oil takes big share of Greek import bill

The high cost of imported oil is expected to push Greece's current account deficit this year to about \$2.4bn (£1bn), Mr. Ioannis Boutos, the Minister of Co-ordination, said yesterday. The Athens correspondent writes: "This would compare with a deficit of \$1.8bn in 1979. Imports in the first seven months rose by 12.1 per cent to \$6.3bn, with crude oil accounting for \$1.8bn of this. Exports in the same period increased by 9.3 per cent to \$2.4bn."

Norwegian surplus

Norway's surplus of Nkr 3.8bn (\$337m) on its balance of payments for the first six months of the year, according to preliminary figures from the Bureau of Statistics, writes our Oslo correspondent. This compares with a deficit of Nkr 3bn (\$258m) in the first half of 1979. The surplus is slightly higher than expected and reflects a large rise in the value of oil and gas exports from a year earlier.

New role for Allies

NATO Secretary General Joseph Luns has told the Atlantic alliance at a conference in Madrid, that more U.S. responsibility must be taken over by its allies in order to leave the United States free to intervene in other parts of the world, Reuters reports.

Italian tug strike

Tug boat crews pressing for a new contract went on a 24-hour strike yesterday, paralysing shipping at all Italian ports, reports AP. The work stoppage by 2,000 crew members prevented freighters, oil tankers and all other large vessels from entering or leaving Naples, Genoa, Venice, Palermo and other major ports.

Oil rig deadline

Libya has given Salmem Due, the Italian oil rig contracted by Texaco to carry out excavations off Malta's south coast, until tomorrow midnight to move out of the water it disputes with Malta, Godfrey Gima writes from Valetta. The captain of the rig had earlier demanded 15 days to fill the hole it had drilled on the Medina bank, 68 miles off Malta's south coast.

Leslie Colitt finds a new truculence among workers once known as the most disciplined in Poland
Poznan forgets its reputation for obedience

EVER SINCE the first post-war Polish strike in Poznan ended in a bloodbath in June 1956, the people of this city of half a million have been reluctant to try it again.

The march through Poznan that year by the striking workers of the Cegielski machinery plant was about bread. But the march escalated and led to the sacking of the headquarters of the Communist Party and the state security police. Some secret policemen were trampled to death and others opened fire killing many rioters.

The memory of that Poznan June 24 years ago was strong enough to prevent so much as a ripple from passing through the city during the food riots of 1970 and 1976. The workers of Poznan became known as the Prussians of Poland because of their discipline and conservatism.

But last Friday the workers at the Cegielski plant surprised many Poles by halting work on their marine engines and locomotives and showing their solidarity with the strikers on the Baltic coast. It was a critical moment in the strike and word that even the cautious workers at Cegielski were out must have hastened the government's acceptance of the Gdansk strike committee's 21 demands. Tram and bus drivers in Poznan had also

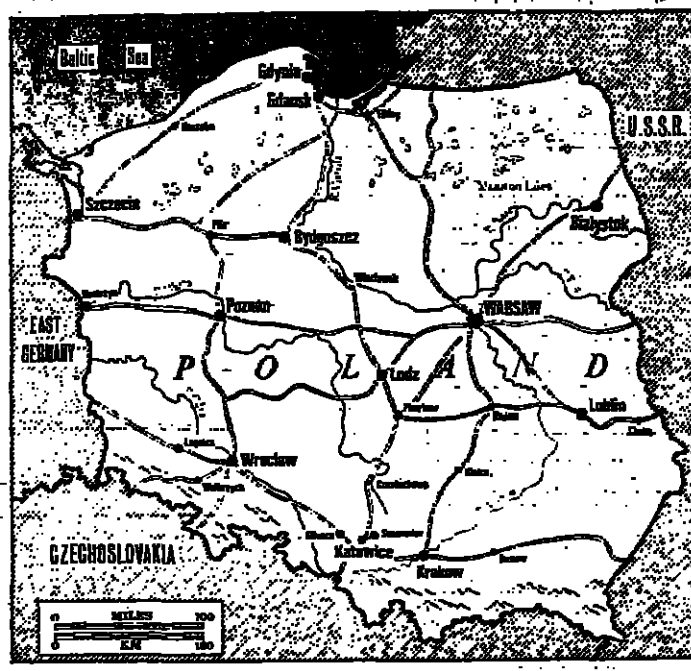
stopped work and occupied their terminals with the support of students.

The Cegielski workers presented a few demands of their own. They called for a professional football team in Poznan to end what they called the "farce" of amateur state athletics. More worrying for the Communist Party, though, was a demand that national and local political and economic leaders be made legally responsible for their "mistakes".

Although the Cegielski workers' independent demands have not been met, they assume the points they shared with the Gdansk strikers, especially an independent trade union, have been covered by the Gdansk agreement. If there is undue delay, says one blue-smocked foreman, it will not take long to "drop our tools the next time".

The people of Poznan are reading newspapers again, queuing up to buy even the dry district party dailies, and reading while waiting. They learn that in the aftermath of the strikes, the Poznan district central committee of the party is holding a plenary session, an event normally greeted with yawns.

Now, however, the Poznan party's first secretary, Mr. Jerzy Zasada, who has been a staunch supporter of Mr. Edward



Gierek, the party leader in Poland, is said to be preparing to leave the Gdansk lifeboat and jump on to a new ship when it comes along. Mr. Zasada, a survivor par excellence, has apparently sounded the political currents and shoals ahead and regards Mr. Stefan Olszowski as the future captain of the Polish party. Mr. Olszowski was brought back into the Warsaw

Poliburo last month after his brief banishment to East Berlin as the Polish Ambassador. Mr. Zasada, however, is still sitting in the leaky Gdansk lifeboat along with the other district party leaders and is having to bail furiously as allegations of opulent lifestyle and depots, mount around him. Outwardly, Poznan has returned to normal. But the long

queues remain throughout the day outside meat and grocery shops. There is an abundance of bread, cheese, rice and macaroni, but that was the diet 15 years ago. Polish workers have come to expect more since the early 1970s when Mr. Gierk came to power in their name. Near the officers' school in Poznan, young Polish officers strut in that double-time step that makes them seem like figures in a faded war film. It is the smart cut of their traditional uniform and the intense pride that shows in their faces which gives them such uncanny resemblance to their fathers 40 years ago.

Mr. Stanislaw Baranczak, an historian in his late 30s is the senior political opponent of the Communist Party in Poznan which had, until recently, but one other recognised dissident as a member of KOR, the social self-defence committee formed after the riots of 1976 to prevent reprisals against workers. He has been without a university teaching post for three years. His wife supports the family by her job at Poznan University.

Mr. Baranczak no longer feels lonely as the number of Poznan students who have become active supporters of KOR is growing by the day. Student backers of KOR and members of the SKS, the student

solidarity committee, acted as observers among the striking public transport workers.

Mr. Baranczak says it is not accurate to say that KOR members are "tolerated" by the authorities. He says members have been persecuted from the start, lost their jobs, had their flats raided. The committee's leaders were repeatedly jailed and have now been released only at the insistence of the Gdansk strike committee.

He notes only that the persecution is "less severe" than in Moscow, Prague or East Berlin.

"The police state is weaker in Poland," he says. "The Government would like to swallow us as it could but now there are too many people to be digested."

Outside Mr. Baranczak's flat in a new satellite town of Poznan, a car waited with three men inside. The car followed me back to the Merkur Hotel in the centre of Poznan. Inside, two of the men stood on either side as I asked the hotel reception for the telephone number of the Poznan Communist Party central committee. So, to request an interview, I had to wait in a car, perhaps, that even the Poznan security police are unsure what the party's position on surveillance of the opposition is at the moment.

French apples hit by German colour bar

BY JONATHAN CARR IN BONN

SHOULD THE tumblers of West Germany be protected from the consequences of eating little green apples imported from France?

West German food officials clearly think so, and their devotion to duty has caused a Franco-German border row of an unusual kind.

The officials blocked shipments of nearly 3,000 tonnes of "Golden Delicious" for days while French exporters and West German importers alike fumed with anger.

The reason? "Golden Delicious" in the official view should at least be a kind of yellow, whereas the French fruit was demonstrably green. The fact that West German consumers are not only prepared to put up with the green colour, but in many

cases particularly ask for it, has had little effect on the case.

Early this week, the two sides reached compromise and most of the waiting apples were allowed in. But this concession does not mean that the West Germans have given up altogether.

Green-yellow apples may now slip through the net and yellow-green ones should have little trouble either. But if a French apple is wholly green, it is called "Golden Delicious" and is less than 70 millimetres across. It stands little chance of passage to the Federal Republic.

The West Germans can call on European regulations to support their case. But it almost goes without saying that the French can do the same.

Agile Barre treads fine economic line

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Prime Minister, Mr. Raymond Barre, brought off on Wednesday a balancing act which required some skill on the part of so weighty a man. On the one hand, he announced a package of economic and social measures, admittedly modest in size, aimed at forestalling economic recession and an aggravation of the unemployment situation. Yet almost in the same breath, he lectured his impetuous countrymen, constantly trying to push him into an injudicious reaction of the economy, not to expect any modification of his restrictive monetary, budgetary and incomes policies.

The franc would be defended at all costs because this was the only way of winning the fight against inflation and keeping down the oil import bill. Industrialists and businessmen, worried about the competitiveness of their goods on foreign markets, would just have to adapt

themselves to a strong franc. Mr. Barre might almost have been talking to a British audience.

The French Prime Minister, of course, is not entirely his own master, though he has overall responsibility for economic policy. Looming behind him is the lofty figure of President Valéry Giscard d'Estaing, who will almost certainly run for a second seven-year term next spring and who is understandably anxious to court as many votes as possible.

Hence the apparent contradiction between Mr. Barre's repeated attachment to rigorous housekeeping methods as long as inflation and the balance of payments deficit have not been brought under control, and the successive stimuli which he has given the economy.

Politics have a way of undermining even the finest economic intentions when elections are on the horizon. It is only fair to say, however, that at

no time during the past four years has Mr. Barre indulged in a massive reflation of the economy. "Anti-packages" have been the general rule. Not only is the latest one, in exception to this rule, but it is probably the smallest of any of the lollies which Mr. Barre is in the habit of presenting to the French people as a post-summer holiday "sweetener".

No one, therefore, could have been surprised that Mr. Barre's "find" the official Communist Party newspaper, *L'Humanité*, describing his measures as "a breach in the austerity policy". The Communists clearly believe it to be good electoral tactics to announce to their supporters, as the newspaper did yesterday, that M. Barre had been "snatched" from the Government by the workers' action.

In other words, a justification for the "big fisherman's strike" and the "hot autumn" on the industrial front which Mr. Georges Seguy, leader of the Communist-led CGT, France's largest union, has promised in recent speeches. The unions are unlikely to do much more snatching for some time, if well-documented leaks from the Finance and Budget Ministries are to be believed. Mr. Barre is expected to present what is definitely an austerity budget for 1981 next week.

One more gesture will be made to the voters by increasing their income tax, and some tax incentives will be given to investment. But Government spending will be kept on a very tight rein and the budget deficit is likely to be limited to FF 30bn (\$5bn), which the French claim to be one of the lowest in the Western world.

Apart from spending on defence and research and development, the expenditure of other Ministries has been kept down to 1980 levels in real terms.

Zionist body recalls its Paris envoy

By Our Paris Correspondent

THE RECALL to Jerusalem of Mr. Avi Primor, the representative in Paris of the World Zionist Organisation, has caused somewhat of a stir in France, following allegations earlier this year that he was trying to promote a Jewish lobby in France on the lines of the one in the U.S.

Mr. Primor, who has been appointed as the new head of the Israeli Foreign Ministry's West European Department, has denied categorically any link between his departure from France and criticism of his activities.

But most French commentators suggest that he is leaving his present job as the result of representations by leaders of the French Jewish community.

Mr. Primor was believed to feel that it was lacking in Zionist enthusiasm and could exercise a much greater influence on official French policy towards Israel than it did.

Poniatowski clashes with Socialists over inquiry

BY DAVID WHITE IN PARIS

M. MICHEL PONIATOWSKI, former French Interior Minister and close associate of President Giscard d'Estaing, has become involved in a pitched battle with the Socialist party over a parliamentary inquiry dealing with the celebrated De Broglie murder case.

In the middle of preliminary impeachment proceedings against him for his conduct at the time, Mr. Poniatowski suggested on French radio that Socialist MPs might be acting in collusion with "dubious milieux".

The commission of inquiry, which is trying to fathom what went wrong before the murder in 1978 of Prince Jean de Broglie, a former junior minister, is due to meet again on October 5. It was formed in May following allegations that the police knew about the murder beforehand and that the administrative lapse was covered up.

The Socialist party said M.

Poniatowski's charges bordered on libel. One of the three Socialists on the commission, M. Pierre Guizot, said the accusation, only "encouraged them to pursue their case. In a bitterly ironic statement, he said M. Poniatowski should have used his detective talents earlier, at the time he and Prince de Broglie were involved in M. Giscard's Independent Republican party, to realise that the Prince frequented such dubious milieux that he ended up dead.

He also alleged that the Interior Ministry had ordered detailed police reports on the Socialist members of the commission.

The commission is to decide whether M. Poniatowski should face impeachment proceedings for alleged "betraying the secrecy of a legal investigation, failing to assist a person in danger, and failing to produce documents relevant to the case. Four men are in prison awaiting trial for the murder.

Presidential challenge for Carneiro

By Jimmy Burns in Lisbon

IN A DIRECT challenge to Portugal's ruling Centre-Right coalition and its Prime Minister, Mr. Francisco Sa Carneiro, General Antonio Ramalho Eanes, the Portuguese President, yesterday announced his intention to stand for re-election in December.

Mr. Sa Carneiro's Democratic Alliance comprises Social Democrats, Christian Democrats and Monarchists. It is officially backing a "virulent" anti-Communist Gen. Antonio Soares Carneiro, as its candidate. The Prime Minister has stated his political future on the presidential election by saying that he will resign if General Eanes is re-elected.

Yesterday the President defended his "independent" candidacy as the only guarantee of future political stability against the threat of dictatorship.

Speaking to a gathering of prominent political figures, the President attacked himself against any block "either Left or Right" and in favour of a "broad political agreement" between Socialist Democrats and the Right. He said the challenge seemed to be deliberate and aimed at securing broad political support.

The general election on October 5 will be fought mainly between the ruling Democratic Alliance and a Centre-Left electoral front composed of Socialists and a group of dissidents who broke away from Mr. Sa Carneiro's Social Democratic party, accusing it of being too Right-wing. In recent weeks the divisions have become confused, with members of the ruling coalition showing themselves increasingly divided on the presidential issue. Some are reported to be in favour of Gen. Eanes.

The President clearly had this potential support in mind yesterday when he denounced as false reports that he might seek an agreement with the Communist party.

Gen. Eanes also declared that he would resign as chief of the armed forces and support the "disarmament" of the military. Gen. Eanes, the Revolution's "father" and a mainstay of Left-wing officers, if he were re-elected, determination to withdraw the military from the centre of the political stage is one of the few issues which unites most Portuguese politicians.

The presidential campaign does not begin officially until November. But yesterday's announcement is bound to raise the temperature of Portuguese politics.



General Eanes: his hat in the ring.

How did Helmut König fix a six million franc credit for his Paris office more quickly than he could find a taxi at Orly?



Through Abecor—simple

In his home country, Helmut König's company banks with one of the nine members of Abecor, the biggest international banking association on earth.

So when his French subsidiary needed a six million franc credit quickly, to settle accounts with the parent company without foreign exchange risk, Helmut turned to the Abecorcredit scheme.

Fast finance—anywhere

Abecorcredit means that your company's credit rating with its home member bank (here in Britain, Barclays) is automatically acceptable to every other Abecor bank.

Without question. And without delay.

A complete financial service

It's just part of a complete international financial service available through Abecor's 11,000 offices worldwide.

If you're interested, get in touch with Mr. John Bull, Barclays International Division, 168 Fenchurch Street, London EC3P 3HP. Telephone: 01-283 8989 Extension 3352. We'll be happy to help you.

The Abecor Banks
Algemeine Bank Nederland
Banca Nazionale del Lavoro
Banque Bruxelles Lambert
Banque Nationale de Paris
Barclays Bank
Bayerische Hypotheken- und Wechsel-Bank (HYPO-BANK)
Dresdner Bank
Österreichische Länderbank

Banque Internationale à Luxembourg
Associated Member
Banque de la Société Financière Européenne

Abecorcredit
Associated Banks of Europe
A service from Barclays Bank

Mounting fear over growth of cities

BY RUPERT CORNWELL IN ROME

HOW DO you control the apparently uncontrollable? That has been the anguished theme of a United Nations-sponsored conference here this week on the future of the world's cities which ended yesterday.

The problem is at its most daunting in terms of simple numbers. Mayors, diplomats and international officials gathered here agree it is perhaps the most acute single difficulty likely to stem from the anticipated 50 per cent rise in the world's population between now and the year 2000.

The UN estimates that the globe's population will increase from 4.2bn now to 6.2bn by the end of the century. During the period, the number of urban dwellers will grow from 1.8bn to 3.2bn, most of them in the impoverished Third World.

Today just 26 cities have 5m or more inhabitants, making a grand total of 252m. By the year 2000 there will be 60 with a total of 650m. Three-quarters of them will be in the underdeveloped world, most of them living in conditions of squalor and deprivation.

As the final document emerging from the conference makes clear, it is a recipe not just for misery, but for conflict both

within and between nations, and conceivably for the peace of the world.

The runaway growth of some of the urban centres is no longer simply a matter of migration by peasants from the countryside to the imagined glories of the towns. It is now essentially a demographic problem, as births outstrip deaths.

The most extreme case is Mexico City, whose population is roughly doubling every 20 years. By the end of the century it may have 31m people, compared with 9m a decade ago. But there are even more apocalyptic possibilities.

St. Julia Moraes Coutinho, mayor of Rio de Janeiro, raised here the spectre of his own city and Sao Paulo simply coalescing to create a single urban

sprawl of up to 50m inhabitants. Paradoxically, the older centres of the Western world are, if anything, tending to grow smaller. The Greater London area will have less than 10m people between 1950 and 2000, while New York, Paris and Tokyo/Yokohama are expected to remain little changed between now and the end of the century.

If the draft declaration yesterday has a somewhat platitudinous ring, then that is probably inevitable, given the daunting dimensions of the problem.

For that reason the document urges massive international aid as the only answer, their utmost to provide help in the "medium term" even though most of the recommendations are couched in primarily national terms.

WORLD'S MOST POPULOUS CITIES AND URBAN AREAS

(figures in millions)

1980	1980	2000	2000
New York/NE New Jersey	15.4	New York/NE New Jersey	20.2
London	10.7	Tokyo/Yokohama	20.0
Tokyo/Yokohama	10.7	Mexico City	19.9
Rhine/Ruhr	8.7	Shanghai	14.5
Shanghai	7.7	Sao Paulo	13.5
Sao Paulo	7.1	Los Angeles/Long Beach	11.4
Los Angeles/Long Beach	7.1	Peking	11.4
Peking	6.9	Rio de Janeiro	10.7
Buenos Aires	6.5	Greater Bombay	10.7
Chicago/MIL-Indiana	6.3	Calcutta	10.7
Moscow	6.3	London	10.7

Source: Population Division, Department of Economic and Social Affairs, UN Secretariat.

Pressure eases on Hong Kong economy

By Philip Bowring in Hong Kong

HONG KONG'S money supply and trade figures for July suggest that destabilising pressures on the economy may be beginning to abate. That, at any rate, is how the government interprets the latest figures.

Statistics released yesterday showed that money supply growth in July slowed to 2.6 per cent for M1 compared with the previous month and 1.1 per cent for the more important M2. Total credit to the economy rose only 1.2 per cent, the lowest monthly increase for a year and brought the year-on-year increase in credit back below 50 per cent to 48 per cent.

However, July's figures were expected to be well down after the dramatic increases in June when M2 jumped 6.5 per cent and credit by 5.8 per cent as funds flowed in from overseas and domestic credit was boosted to finance Sir Yue-kong Pao's HK\$2.2bn (£185m) raid on the Hong Kong and Wharfedale Company, in which he countered a rival bid from Hong Kong Land.

Since July there has not been any sign of money becoming tighter. In August, the bank's prime lending rate was cut by 2 percentage points, in response to high liquidity, and the stock market has been buoyant, gaining nearly 10 per cent in the past month.

Though credit may be slowing it is still regarded as disturbingly high for an economy which is fast losing momentum. Though construction and service industries are buoyant, manufacturing presents a very mixed picture.

Trade figures for July announced last week present a similarly unclear picture. Domestic exports at HK\$1.3bn remained at June's high level. Although the trade deficit widened compared with June to HK\$685m, it was still well below the average HK\$1.2bn a month for the first half of this year.

Japanese plan mild public works boost

By Richard C. Hanson in Tokyo

JAPANESE economic ministers will decide today on plans to step up the rate of public works spending in the last quarter of the year. This will form part of a cautious package to stimulate the economy, without fanning inflation.

September to December public works spending contracts are expected to jump by 30 per cent over the corresponding quarter last year. This will mean about ¥2,500bn (£5.3bn) in contracts and will bring the proportion of contracts let out in the first nine months of the fiscal year to just under 70 per cent.

Public works spending in the first four months of the fiscal year, which starts in April, fell 5 per cent below the level of a year earlier on a contract basis.

Other measures to be decided include increasing housing loans and public loans to small and medium companies, while adopting a more flexible stance regarding monetary policies.

The Bank of Japan, in line with this flexibility, will probably consider a second drop in the key official discount rate.

A further reduction in interest rates, however, will depend on how prices move over the next month or so. There have been some signs of relief in this area recently. The August figures revealed the first monthly drop in the Tokyo Consumer Price Index for several months.

The options open to the Government in the realm of fiscal stimulation of the economy are limited at this point by the fear that too much spending would strain an already tight demand supply situation in the manufacturing sector, thus causing inflation. The Government is also committed to moderate rates of growth in the Budget in order to reduce the large deficits it has created over the past four years.

Without this latest package the Economic Planning Agency estimates privately that the real gross national product growth for the year ending March 31, 1981, could fall below 4 per cent. The official target is 4.5 per cent.

Reshuffle of Malaysia's Cabinet expected soon

By Wong Sulong in Kuala Lumpur

DATUK Hussein Onn, Malaysia's Prime Minister, is expected to make a major reshuffle of his Cabinet soon, after returning from a Commonwealth regional Heads of Government meeting which opened in New Delhi yesterday.

He is expected to take the opportunity created by the resignation on health grounds of his brother-in-law, the law minister, Datuk Hamzah Abu Samah, to appoint a more dynamic Cabinet in readiness for the launching of the fourth Malaysia plan next year.

The Prime Minister will also give greater representation in the Government to the influential youth division of his United Malays National Organisation, to distract it from its role as a vocal, and often embarrassing, pressure group.

During the recent Bhumiputra (Malay) economic convention, dissatisfaction was expressed at the low participation of Malays in the corporate sector.

The fourth plan (1981-85) is regarded as crucial to the new economic policy. Not only must the Government step up the purchase of corporate shares for Malays, but it must also devise ways for an equitable distribution of such wealth.

Apart from Datuk Hamzah, two other Ministers are expected to be dropped. Three Malay politicians have been mentioned for promotion. They are the Deputy Foreign Minister, Mokhtar Hashim, the Deputy Lands and Regional Development Minister, Saunsi Junid, and the Umno Youth Leader, Haji Suhaimi.

Key Ministers — the Deputy Prime Minister, Dr. Mahathir, the Home Minister, Ghazali Shafee, the Finance Minister, Tengku Razaleigh, and the Education Minister, Musa Hitam — are expected to retain their portfolios.

However, Dr. Mahathir has indicated that he would like to give up the Ministry of Trade and Industry to concentrate on heading various Cabinet committees involved in economic planning and implementation.

Gandhi plea for oil talks

NEW DELHI — India's Prime Minister, Mrs. Indira Gandhi, said yesterday that oil producers should convene an international conference to ensure necessary supplies.

Mrs. Gandhi made the suggestion at the opening of the five-day Commonwealth regional conference of 16 Asian and Pacific countries which is to discuss energy, development and cooperation.

Mr. Robert Muldoon, New Zealand's Prime Minister, said that oil-importing developing countries were facing a combined deficit estimated at \$68bn (£28bn) this year.

Peking's economic reformers must still step cautiously, as Tony Walker reports

China gives priority to moving out of deficit

CHINA'S ECONOMIC INDICATORS

Year	COAL	GRAIN	OIL	Unlabeled
1978	600	400	100	200
1979	650	380	150	250
1980	700	350	200	300
1981	750	320	250	350

Year	Output (%)
1978	100
1979	110
1980	90
1981	105

Year	Output (%)
1978	100
1979	110
1980	90
1981	105

CHINA FACES severe difficulties in its effort to keep its modernisation drive from flagging. The squeeze on funds as a result of a large and unplanned deficit last year will continue at least until the end of 1982, the year that was to have signalled the end of the readjustment programme that began in 1979. It now seems certain the clamp on spending on all but essential new projects will continue beyond 1982.

According to China's own forecasts, there will be no early improvement in its financial position. Economic planners have said that for the next two years, at least, they are giving top priority to reducing the deficit from its \$11bn last year.

This is no shock to the Chinese leaders who have known for some time that the readjustment programme was likely to run on beyond schedule. They are, in any case, not ready to embark on a big programme of new investment and their planning ability, infrastructure and managerial talent are still limited. Planning errors in the past have engendered a new mood of caution in designing ambitious projects.

While the leadership clearly met unforeseen difficulties last year, the rising standard of living produced by bigger output of all kinds of foodstuffs, and flourishing light industry has given them the leeway to press on with their policies. Despite the stagnation in heavy industry and worry about this year's grain harvest, the leadership seems to be confident that the economy is basically on the right track.

Mr. Wang Bingqian, the new Finance Minister, made it clear in his speech to the National People's Congress this week that despite the sweeping economic reforms announced by Mr. Yao Yilin, the State planning chief, China does not intend to embrace deficit budgeting.

"China's financial policy has all along been one of ensuring balance with a slight surplus, and striving to avoid deficit budgeting," Mr. Wang said.

The Chinese may find cutting the budget deficit is easier said than done. But unlike Governments in Western democracies, Chinese leaders can order savage cuts in spending without having to worry about re-election.

Most worrying for China, faced as it is with a severe shortage of foreign exchange to pay for its long-term plans, must be the slowdown in oil production, according to forecasts released at the congress. Production will remain stagnant at 106m tons a year for the next two years. Oil is China's main earner of foreign exchange, but with domestic demand squeezing quantities available for export the stagnation could not have come at a worse time.

China this year can also hardly expect to benefit from further steep rises in the world oil price to offset its sagging production. It may well be that planners are being optimistic in their forecasts that production will remain at present levels.

There are reports that the Daqing field, which accounts for more than 40 per cent of Chinese production, is beset by technical difficulties and such levels will be hard to maintain. This is denied by the Chinese, but doubts remain.

Whatever the causes of the slowdown, China is unable to supply Japan with the quantities of oil specified in their long-term trade agreement.

Another worry is the forecast that grain production will be static this year because drought damaged crops of winter wheat. Mr. Yao described the effects on the wheat crop as a calamity. China will be doing well to produce last year's record crop of 332m tons of grain that is forecast for 1980. Western observers here had been predicting a 6 per cent drop in production and perhaps record imports.

A pointer to the difficulties China is facing this year is the net drop in available state funds because of higher purchase prices of farm products and increased wages for urban and rural workers. According to Mr. Wang, total revenue will drop by about \$2.7bn this year as a result of these increases.

China is forecasting state revenues of about \$70bn and expenditures of about \$75bn. Predicted growth in the gross value of industrial and agricultural output is about 5.5 per cent, down from 8.5 per cent last year. Mr. Wang, however, described the targets for growth this year as "ambitious yet realizable."

China's economic difficulties last year were caused partly by massive overruns in expenditure as a result of the decisions to increase payments to peasants for their produce and because of wage rises and the introduction of a bonus system. Increases in purchase prices for farm products were about 25 per cent higher than planned and wages and bonuses more than 40 per cent higher. This reflects the difficulties China's economic planners face establishing priorities based on adequate statistics.

The deficit has already led to large cutbacks in spending this year. Funds for capital construction, for example, have been reduced by about \$9bn. The squeeze on construction funds has caused delays on projects in which foreign business is involved. Another area to suffer has been defence which has had its budget cut by about \$2bn.

Mr. Wang insisted that the deficit will be financed from past surpluses at China's central bank and this will not add to inflationary pressures. This may be optimistic.

Figures provided by Mr. Yao confirmed there had been a slowdown in the growth of foreign trade, but information on the first six months of this year shows imports and exports have increased by about 20 per cent compared with a similar period last year. This is well up on an earlier forecast that trade for the year would grow at about 11.5 per cent. Growth of combined imports and exports last year was about 28 per cent.

Casting some light in an otherwise gloomy set of indicators are figures for consumer spending. Strong growth in retail sales is continuing. Sales rose by 14.7 per cent last year. In the first six months of 1980, the increase was 18.5 per cent compared with the corresponding period last year.

Despite the difficulties evident in the Chinese economy, the reformers are still confident enough to press ahead. Mr. Yao's proposals for restructuring China's economic system show that the deficit and the almost certain prolongation of the readjustment period do not appear to have weakened the position of the moderate faction around Mr. Deng Xiaoping, the senior Vice Premier, which is intent on pushing through such radical reforms as giving more play to market forces and using the banking system as an instrument of economic management.

The question will be whether the reformers can keep their nerve through the next few years when progress is almost certain to be slow.

Direct to St. Louis four times a week

Only one airline flies direct from London to St. Louis, heart of America's Mid-West. Fly British Caledonian and you'll have no more St. Louis blues.

Ask any travel agent or British Caledonian office for details.

British Caledonian Airways

DM40,000,000
Medium Term Loan

Eurovias, Concesionaria Española de Autopistas, S.A.

Managed by
Italian International Bank Limited
Charterhouse Japhet Limited

Co-managed by
PSP & Company (UK) Limited

Funds provided by

Italian International Bank Limited	Charterhouse Japhet Limited
Caja de Ahorros Municipal de Bilbao (Bilbao Savings Bank)	Banque Commerciale pour L'Europe du Nord (EUROBANK)
Caja de Ahorros Municipal de San Sebastian	Caja de Ahorros Vizcaina
Alahfi Bank of Kuwait K.S.C.	Commercial Bank of the Near East Limited
Caja Provincial de Ahorros de Alava	

Agent Bank:
Italian International Bank Limited

ib

September 1980

Clogs: Can you get too big for them?

When we told our customers we had agreed to part sponsor the European Open Golf Championship in Britain this year they quite rightly said "but why?" The answer is equally direct. We like going places and meeting people in the most possible way. For example, last year we went to France, Germany, Britain, the U.S. and China. And a lot more besides. Along the way we did business worth \$2.2 billion. That's big by any standard. But our customers don't think we are big. This would be a cause for concern in some of the other international giants of our industry. But we didn't panic when we discovered it. We surveyed our customers in France, Germany, Britain and of course in the Netherlands. We discussed it with our friends in the U.S. and China and in the rest of the Far East. They all agreed. It's our style of doing business that gets them. You know, the sort of thing you get from your local corner shop. A bit of chat about world affairs. Decent prices that you know you can afford... and still come back for more.

After all that research it turns out that our customers did \$2.2 billion of business with us because they say we're not too big for our clogs.

European Open

DSM chemicals and plastics

To find out how much more we do, write to the Information Department, DSM P.O. Box 65, Heerlen, The Netherlands.

OVERSEAS NEWS

Simonstown poll gives a fillip to Botha

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S white electorate has given the Prime Minister, Mr. P. W. Botha, a badly-needed boost by electing a National Party candidate for the first time in the predominantly English-speaking constituency of Simonstown, near Cape Town.

The Simonstown victory indicates that Mr. Botha's Cabinet reshuffle last week and his renewed hints of further reforms have won support from many English-speaking voters who, in the past, have favoured neither the Government's Apartheid policies nor those of the more liberal Progressive Federal Party, the main opposition group.

The Progressives were confident of winning Simonstown by a small majority. Instead, Mr. John Wiley, a former opposition MP who recently joined the National Party, gained a substantial majority of almost 100 votes. Mr. Wiley is best known as an arch-conservative member of the former United Party, a bitter critic of the English-language Press, and virulently anti-African.

Mr. Botha needed the victory badly. It comes within days of further evidence that the right-wing of the ruling party remains disenchanted with the Prime Minister's policies.

The tensions in the National Party were evident at its key Transvaal congress, held earlier this week. The Transvaal provides the bulk of the party's support, and accounts for 66 of its 135 seats in Parliament.

The enthusiasm of congress delegates was so slight that the discussions were wound up after two days, a day earlier than scheduled. By the end of the second day, only 80 of the 1,000 delegates were still in the congress hall.

Mr. Botha was faced by a torrent of resolutions and questions urging the Government to reaffirm its commitment to racial segregation. But in the words of one observer, delegates "went home more confused, more critical and more sceptical."

Mr. Botha's inability to placate the ultra-Right wing was clearly illustrated by a Cabinet Minister's admission at the congress that some party members found it difficult to understand why Dr. Andries Treurnicht, the Transvaal party leader who is also spokesman of the arch-conservatives, was not Prime Minister.

Although last week's cabinet changes were a blatant attempt by Mr. Botha to out-manoeuvre Dr. Treurnicht, his influential position as Transvaal leader remains unchallenged.

Bid to end school boycott

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S Government has announced a series of measures designed to end a prolonged boycott of school classes by thousands of black children.

The boycotts began in April and have affected schools throughout the country at various times. The children are demanding a rapid improvement in black education facilities and the abolition of separate education for blacks.

Dr. Ferdinand Hartzenberg, Minister of Black Education, said schools in black areas around Cape Town, Port Elizabeth, and Grahamstown would be closed for the next two days.

All pupils wishing to resume classes would have to re-register on Saturday and schools which remained empty next week would be closed for the rest of the year.

The Minister said the response of pupils would determine whether building and other development programmes in those areas were to be continued.

Meanwhile, one pupil was killed and four buses gutted by fire yesterday during unrest after a school soccer match in a black township outside Pretoria.

Queensland coal strike ended

By Patricia Newby in Canberra

A STRIKE by Queensland coalminers which held up about half Australia's coal exports for 10 weeks ended yesterday with the miners voting to return to work at a date to be decided on Monday.

The stoppage cost the country at least A\$200m (£97m) directly and much more indirectly.

The mining companies, including the U.S. Utah Corporation, and the Government believe the strike has damaged Australia's reputation as a stable coal trader and cost the country some long-term contracts.

The strike was caused by a federal Government attempt to tax miners on the subsidised houses which they rent from mining companies. That is a benefit which most Australian miners have come to accept as a prerequisite for working in remote locations.

The Government feared that if it did not tax miners, a precedent would be created for other employers to provide subsidised houses to their employees as a way of avoiding income tax.

At meetings yesterday the strikers accepted a compromise which recognises the federal Government's right to tax subsidised houses. But the formula offered means that most miners will not be taxed until 1983 and many not until 2020.

Zambian rail link

Transport Ministers of Malawi and Zambia met yesterday to discuss the extension into Zambia of an all-weather railway line which will eventually link the two countries to the Mozambique ports of Nacala and Beira, Reuters reports from Lusaka.

Malawi and Zambia are trying to decide whether the extension should initially go only about a mile to proposed road-rail terminal facilities on the Zambian side or whether it should go to Chipata, capital of the Eastern Province, some 10 miles inside Zambia.

Canada, which is providing financial aid to Malawi to build the railway, indicated yesterday that it was willing to finance the shorter of the two extensions.

Plea for outside backing

BY OUR COLOMBO CORRESPONDENT

SRI LANKA'S current account deficit, amounting to Rs 3,500m (£90m) in 1979, is expected to double by 1984, as an inevitable consequence of the Government's efforts to restructure the economy, according to the Finance and Planning Minister, Mr. Ronnie de Mel.

Citing the fundamentals of Government economic policy, the floating exchange rate, the phasing out of subsidies, the emphasis on export-led economic growth and massive public investment in infrastructure, Mr. de Mel said that Sri Lanka would therefore expect the support of the international community in the medium term.

He was speaking to a conference in Colombo on business prospects in Sri Lanka, sponsored by the Financial Times and the Greater Colombo Economic Commission. Mr. de Mel said his Government did not intend to plan for the whole economy but solely for the role of the public sector.

Public sector investment 1980-84 was estimated at just over half total feasible investment of R126bn in both the public and private sectors during the same period.

Major projects include the Mahaveli River development programme, without which Sri Lanka's entire economic strategy could founder, said Mr. de Mel. More than half total public investment was expected to come from foreign sources. Examining the role of the banking and financial sectors,

Dr. W. Rasaputram, Governor of the Central Bank of Ceylon, noted that several foreign banks had established branches in the country to take advantage of recent political and economic developments.

He said that the establishment of foreign currency banking units in 1979 had led to an expansion of Sri Lanka's role as a financial centre. It was

geral capacity and the quality of personal support between public and private sector planning had contributed to this state of affairs.

As Sri Lanka's export-led industrialisation programme developed, the private sector would have to seek diversified sources of financing, in which investment banks could play a positive role.

From an investment banker's point of view, Sri Lanka is a very attractive country in terms of its potential, notwithstanding current short-term problems, according to Mr. John L. Beyer of the Hongkong and Shanghai Bank.

Noting Sri Lanka's high credit rating in international money markets, Mr. Beyer estimated that the country would require additional foreign loans and direct investments to cover its deficit of \$1bn (£415m) up to 1984. Advice on such capital inflows and their applications would fall within the scope of investment or merchant banks familiar with Sri Lanka.

Commercially viable private sector projects have less of a chance to get off the ground in Sri Lanka than public sector ones, according to Dr. Johannes Witteveen, formerly managing director of the International Monetary Fund and now adviser to the board of managing directors, Amsterdam-Rotterdam Bank. Differences in financial resources, man-

FINANCIAL TIMES
The new SRI LANKA
Business Opportunities
CONFERENCE

envisaged that the active participation of commercial banks in the units would result in the establishment of a well-organised off-shore banking centre.

Public sector investment 1980-84 was estimated at just over half total feasible investment of R126bn in both the public and private sectors during the same period.

AMERICAN NEWS

PRESIDENT MAKES TACTICAL COUP ON MID-EAST

Carter woos the Jewish voters

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER made a tactical coup in engineering an announcement that autonomy talks may be resumed between Israel and Egypt, with the possibility of a summit meeting later, to coincide with pledges made by his Presidential rivals for American Jewish votes.

U.S. Jewish organisations, including the 1m strong American Zionist Federation, welcomed the planned resumption of the negotiations over autonomy. The latest development strengthened Mr. Carter's hand before his speech yesterday to the B'nai B'rith, an influential U.S. Jewish organisation, which in the past 24 hours had been treated to speeches by Mr. Ronald Reagan and Mr. John

Anderson. At stake are the votes of the 6m U.S. Jewish community, nearly half of which is concentrated in the states of New York, New Jersey and Connecticut, all carried by Senator Edward Kennedy in the primary elections. But Senator Kennedy who was earlier strongly critical of the Administration's Mid-East policies, has planned a joint campaign appearance with Mr. Carter later this month and is clearly rallying around his party's nominee.

Mr. Carter is still deeply suspect among some U.S. Jewish voters for the course his policies might take in a second term with no pressure on him to get re-elected. These voters fear

that President Carter, if he wins in November, might start squeezing Israel to make concessions as early as the end of this year when the summit between U.S., Israeli and Egyptian leaders is planned.

The Administration counter to this is that Mr. Carter has never weakened the basic commitment to Israel during his first term, and would not do so in a second four years. It points to the fact that in the past four years Israel has received \$1.1bn of the total \$2.2bn aid it has got from the U.S. in the past 30 years.

Mr. Reagan, the Republican challenger, was applauded no less than 30 times before the Jewish audience here when he accused the Administration of "undercutting" Israel in the

United Nations, and of refusing to brand the Palestine Liberation Organisation "as a terrorist organisation."

Both Mr. Reagan and Mr. Anderson have been blunter in their support of Israel than Mr. Carter, whose Administration has always used more circumspect language about the PLO—while still refusing to recognise it until it accepts Israel's existence, and has had deep qualms about the Begin Government's creation of Jerusalem as the Israeli capital.

Despite the importance of Israel to U.S. Jewish voters, the domestic policies of the Presidential candidates may yet have a powerful influence on how American Jews cast their ballots.

Mexico bid to cushion impact of inflation

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government is preparing a series of economic measures designed to cushion the impact on the poor of the country's accelerating inflation rate.

The Government admitted this week that Mexico's inflation this year is unlikely to be less than 28 to 30 per cent compared with 20 per cent in 1979.

In the first seven months of 1980 the country's consumer price index rose by 18.4 per cent.

The new economic measures include reducing income tax for the lowest bracket, exempting more basic consumer goods, like margarine, coffee and

tinned vegetables from value-added tax, and increasing Government subsidies.

The Government is firmly committed to high growth because it is the only way it can hope to alleviate Mexico's serious unemployment problem. About 8m Mexicans are without a permanent job, and the

country needs to create 800,000 new jobs each year just to keep pace with their rise in population.

The authorities believe that in 1980 this target will be met for the first time, thanks to the use of Mexico's oil wealth to maintain growth at last year's rate of 5 per cent.

Judge rejects challenge on boy 'defector'

CHICAGO — A judge on Wednesday rejected a U.S. constitutional challenge to the law under which a 12-year-old Soviet-born boy has been placed in custody of the State of Illinois.

Circuit Judge Joseph C. Mooney rejected a motion to dismiss the case of Walter Polovchak, who ran away from home, was granted asylum in

the U.S. and was placed in state custody because he did not want to return to the Ukraine with his immigrant parents.

Judge Mooney rejected arguments by attorneys for the American Civil Liberties Union that the portion of the Illinois Juvenile Court Act invoked by the State is unconstitutionally vague.

He said the law was not just "vague" but "unconstitutionally vague."

He said the law was not just "vague" but "unconstitutionally vague."

The downturn has left the New York rag trade in tatters, reports Paul Betts

Mr. Elias is caught with his profits down

RECESSIONS leave Mr. Eli Elias cold. He has survived a good many during the last 60 years, starting with the depression of the 1930s which radically altered his life and was to shape his entire future.

He was then 17. He had just graduated as an engineer in Alabama. But the sudden change in his father's fortunes wrought by the Crash of 1929 forced him to drop all his plans and drove him to New York to seek work.

Half a century after the great American depression, Mr. Elias is still running the same business he started with two uncles—each chipped in \$400—in the heart of the New York rag trade district. Like the other 5,500 small garment manufacturers, clustered in an area of barely 10 square blocks at the

who for the past 32 years has headed the National Skirt and Sportswear Association in New York, makes women's suits, jackets and skirts in a small workshop combined with offices on the seventh floor of a decaying building in Seventh Avenue.

In recent years, his business has been rocked by the explosion in demand for jeans and casual wear on the U.S. market. While Mr. Elias has been trying to make ends meet, new jeans companies have flooded the market, some growing to \$100m businesses in a matter of 18 months. But this, like the 50 per cent surge in imports of foreign "designer" clothes which can now also be bought from many street hawkers in New York's fashionable Fifth Avenue, worries him far less than the general recession in the country.

Recession has a swift impact on the rag trade. It has always been New York's staple manufacturing industry, generating turnover of some \$15bn a year, and vital to the city's economic structure. Three years ago, New York officially proclaimed itself "the fashion capital of the world," but the industry remains in one of the most run-down parts of the city, it is unglamorous, pays low wages and is particularly sensitive to consumer trends.

With its myriad small, aggressive family-run concerns, its failure rate, averaging between 18-20 per cent a year, has always been the highest of any U.S. manufacturing industry. Recession inevitably exacerbates this rate.

Mr. Elias's company has again been forced to readjust. The dire problems of big industry and of the large U.S. retailers, the fall in consumer spending and the tightening of credit have conspired to squeeze the rag trade.

For small garment manufacturers, the sharp decline in profits and sales of the big retailers and department store-chains has been a calamity. Only last week, one of New York's biggest department store chains, the French-owned Korvettes Company, was faced with financial collapse until it reached agreement with three banks and a leading insurance company to reschedule its outstanding \$55m debt.

"Their problems have quickly worked their way down to us," Mr. Elias said, in the shape of a sharp decline in orders, cancellations and late payments. "They have not done us any favours. They have chiselled and carved and extended repayment periods from 30 to 60 to 90 days."

The Federal Reserve's credit squeeze, announced in March, and soaring borrowing rates, reaching peaks of over 25 per cent, have combined to drive many small garment companies to the wall.

Mr. Elias's survival will depend on how quickly the U.S. economy pulls out of recession. Despite some encouraging signals, the rag trade sees no effective recovery in retailing until well into next year.



New York clothing manufacturer Mr. Eli Elias hopes the swing to "classical" fashions will revive his fortunes.

to the wall. "It was not just that money was exorbitant, but it was not available. As long as we can get our hands on cash, we may make a loss but at least we have some money to manoeuvre—and take it quickly. And I somehow don't think the people will stop buying clothes," he says.

His company was hit as savagely as most. "We lost money. We had to lay off eight of our staff, cutting back our workforce to 18. We had to tighten the ship all round, reducing to a minimum the level of help, and costs and cutting out all frills."

The eight people Mr. Elias has laid off are among the 20,000 workers who have lost their jobs in the U.S. clothing industry in the last 12 months. This rate of dismissal is as severe as the more publicised troubles of the large U.S. car companies, which have been cutting back their labour forces by as much as a third.

In the longer term, however, Mr. Elias remains optimistic. Traditionally, the rag trade has never sat back as the fat ones in Detroit have done. As small businesses, we can adapt to changing circumstances very quickly. And I somehow don't think the people will stop buying clothes," he says.

The recession, too, is gradually producing changes in U.S. consumer attitudes which could favour his type of business. "The trend seems to be turning again to our type of classical garment. Americans are becoming more dressy, more choosy and looking for better and more lasting quality than before."

Mr. Elias's survival will depend on how quickly the U.S. economy pulls out of recession. Despite some encouraging signals, the rag trade sees no effective recovery in retailing until well into next year.

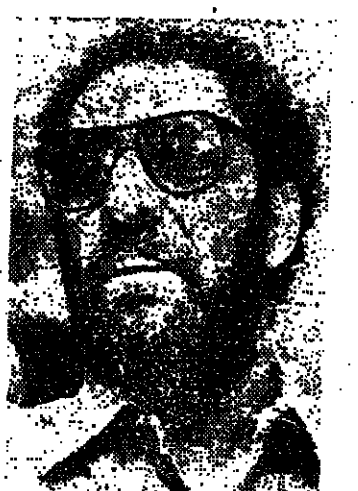
Abbie Hoffman, counter-culture's leader, comes in from the cold

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

ABBIE HOFFMAN came in from the cold yesterday. Beating his reputation as perhaps the most engaging, even eccentric leader of the counter-culture, anti-war movement of a decade ago, he did it in style, capping a morning appearance at a federal court-house in New York with an evening prime-time television interview with Barbara Walters, the doyenne of broadcasters.

In 1974, Mr. Hoffman, facing charges of selling cocaine to an undercover narcotics agent, jumped bail and disappeared. For the last four years, he has lived, under the name of Barry Freed, in a small island in the St. Lawrence River in New York State, making quite a local reputation for himself as an ardent environmentalist.

Plastic surgery and a beard had disguised his once well-known appearance, yet he was hardly an invisible fugitive. He frequently called newspapers to offer his views about subjects which concerned him and regularly returned messages left for him



along the underground grapevine. He has even, under his alias, appeared in Washington to testify before a Congressional committee on environmental matters and conversed—and been photographed with—Senator Daniel Patrick Moynihan from New York. The Senator, who failed to recognise him, was told of the encounter this week and observed: "Well, I'm damned."

Mr. Hoffman has surrendered to face justice because, he says, he feels that the attitudes which impelled him to jump bail on drug charges six years ago have changed. He cited recent articles about the prevalence of drug use in professional sports and the recent tendency towards lenient sentences for occasional users of narcotics.

But the narcotics habit was more of a symbol of Abbie Hoffman's sometimes puerile assault on American social values. This was best expressed in his leadership of the nihilistic, anarchistic Yippie movement in the late 1960s, which gave distinct and savage satirical overtones to the widespread protests of young Americans against the Vietnam war.

Abbie Hoffman, the last of the great rebels, whose son is called America, who once ran a pig as a presidential candidate, who wrote a marvellously funny book about freeloading entitled, inevitably, "Steal This Book," seems intent on rejoining the mainstream.

Christian movement gains power

By Jurek Martin, U.S. Editor in Washington

THE FUNDAMENTALIST Christian movement has given further warning of its growing political power by engineering the unexpected defeat of a popular moderate Republican congressman this week in Alabama.

Congressman John Buchanan, who had represented the city of Birmingham in the house for 16 years, was upset in Tuesday's primary by an ultra-Conservative, Mr. Albert Lee Smith, who was openly supported by the organisation known as the Moral Majority, the political lobby founded last year by the Rev. Jerry Falwell, probably this country's most prominent television evangelist.

This organisation claims nearly half a million members, including at least 70,000 practising ministers of the church. It has proved effective in raising money for Conservative causes, such as opposition to abortion, pornography and homosexual rights, and against political candidates who are considered too liberal.

Although both President Carter and Mr. John Anderson, the Independent Presidential candidate, are both "born again" Christians, the preference of the moral majority is very much for Mr. Ronald Reagan, the Republican nominee.

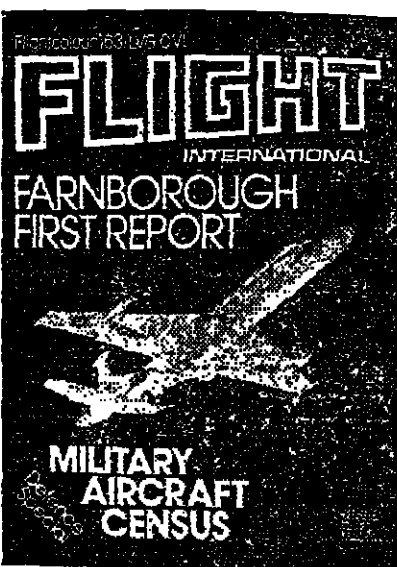
It served his cause prior to the Republican Convention in Detroit by capturing complete control of the delegation from Alaska at local precincts, and caucuses.

FARNBOROUGH SHOW

FIRST REPORT

This week's issue features the first authoritative report of all that's new at the Show, written on the spot by our staff of engineers and pilots. Also in this issue is our Military Aircraft Census, covering the aircraft themselves and an examination of airborne guns, bombs and rockets in current production. Plus all the news on the world of aerospace.

At your newsagent's 50p



This notice appears as a matter of Record.

MANCHESTER EXCHANGE AND INVESTMENT BANK LTD
in association with
PHILLIPS & DREW
Members of The Stock Exchange

have placed £5 million of the undermentioned Bonds with Corporate and Institutional clients

ALLIANCE BUILDING SOCIETY BONDS

Issue date: 8th September 1980
Repayable at par: 14th September 1981
Interest payable: 14th September 1981, at an effective gross rate of 15% per cent per annum

Alliance Building Society
Alliance House
Hove Park, Hove
East Sussex BN3 7AZ

Phillips & Drew
Lee House
London Wall
London EC2Y 5AP

Manchester Exchange & Investment Bank Ltd
Shelley House, Noble Street, London EC2V 7JH

India may penalise Iran for failing to accept iron ore

BY K. K. SHARMA IN NEW DELHI

THE Indian Government intends to invoke the penalty clause in its contract with Iran on the Kudremukh iron ore project in Karnataka state if Tehran fails to accept ore shipments due to begin this month.

So far, there has been no indication from Iran that it is willing or able to accept any iron ore from the project.

The project was commissioned last month under the terms of the contract with the Iranian Government signed when the Shah was in power. The agreement provided for credits of \$630m from Iran but about \$400m is still outstanding and the Indian Government completed the project with its own funds.

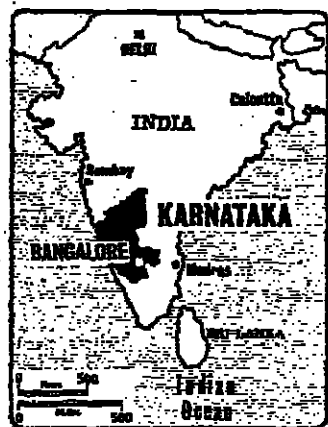
Under the contract, India would have paid heavy penalties if the project was delayed and no shipments for Iran were made by September, 1980.

The agreement stipulated that if Iran declined to accept the iron ore, these amounts to the difference between the contracted price and that which an alternative buyer would pay.

Talks have been held inconclusively with Iranian Government both on the outstanding credits and on the iron ore shipments. Indications have been given that Iran is not in a position to accept the shipments because the steel plants for which they were intended are not ready.

India is looking for alternative buyers of the ore and inquiries have been received from Indonesia and some other countries. But they cannot accept the iron ore concentrates in the form produced at Kudremukh and a proposal to establish a pelletisation plant there is being considered.

Meanwhile, Kudremukh will have to stop producing and is threatened with heavy losses. The Indian Government plans to hold Iran responsible for the losses but it hopes that a final round of talks will be held to settle the matter. The Government is reluctant to annoy Iran for political reasons and because it is a major source of crude.



U.S. call to aid in EEC fibre dispute

By David Buchan in Washington

THE CARTER Administration yesterday said it was encouraging U.S. synthetic fibre manufacturers to co-operate with the European Community's anti-dumping investigation on their polyester yarn exports to the EEC.

Mr. Robert Hormats, the deputy U.S. Trade Negotiator, also said in a statement that the U.S. Government would take up the dumping matter with the Brussels Commission so that any final ruling would be "fully consistent with internationally agreed rules."

The EEC Commission's decision on Monday to levy provisional dumping duties on U.S. polyester shipments was not unexpected in Washington, though U.S. officials privately point out it may make a negotiated settlement to the U.S. suit against European steelmakers politically a bit more difficult.

The EEC had complained that the main U.S. synthetic fibre companies—Monsanto, Dupont and Eastman Chemicals—had refused earlier this year to provide information to Brussels investigators.

Yesterday's statement by Mr. Hormats neither confirmed nor denied this, but clearly stressed the Administration view that if the U.S. companies want their case put forcefully in Brussels, they must co-operate.

Japan to negotiate Soviet loans

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S Export Import Bank which, with one exception, has refrained from issuing credits to the Soviet Union since the beginning of this year, is to be allowed to proceed with negotiations on two resource-related loans.

The go-ahead appears to signify a softening in Japanese policy towards Moscow, especially as it will be accompanied by the issue of an entry visa to a senior Soviet trade official.

Japan's Foreign Ministry, however, claims that its basic "line" towards Moscow remains unchanged. This consists of discouraging visits by Soviet officials and banning exports of high-technology equipment.

The extension of credits by the Ex-Im Bank has been subject to case-by-case scrutiny by the Cabinet since early this year, with only one credit, \$350m (£154m) loan to finance the export of wide-diameter steel pipes, so far passing the screening process.

The steel pipe credit was apparently approved after a similar deal had been made by West Germany. The two resource-related credits are being implemented, officially, because of Japan's need to secure a "stable flow" of resources. It is hard not to believe, however, that there is some connection between the new move and a series of recent initiatives taken by the Soviet Union to improve relations with Japan.

The most important of these was a speech by Mr. Leonid Brezhnev, the Soviet leader, hinting at Russian interest in more cordial relations. The speech, made last Friday, was the Soviet leader's first major statement on Soviet-Japanese relations since 1977 (when he was interviewed by a Japanese TV channel).

The Exim Bank, while confirming that negotiations will begin shortly, has refused to give any detail about the amount of the forestry development credit. The credit will, however, launch the third in a series of long-running timber development schemes in which the two countries have been involved. The coking coal credit, worth about \$40m will be a supplementary loan designed to cover cost overruns on a project in southern Yakutia which has been under way since 1974.

The Soviet trade official who will visit Tokyo shortly (perhaps as early as next week) is Mr. V. Sushkov, a deputy Minister of Foreign Trade. Mr. Sushkov is the normal Soviet participant in twice-yearly discussions on the progress of the Sakhalin offshore oil exploration project in which Japan and the Soviet Union are partners. Oil drilling in Sakhalin began early in July and will continue until late October. No talks on the programme have been held since the beginning of 1980, although the Soviet Government has wanted to hold a meeting.

Mr. Masayoshi Ito, Japan's Foreign Minister, is expected to meet his Soviet counterpart, Mr. Gromyko, in New York either later this month or early in October. Mr. Gromyko is also overdue for a visit to Japan but in the still chilly relations between the countries there is no prospect of this taking place in the foreseeable future.

At a meeting scheduled for September 17 at Brussels, the industry consortium ANCI said it plans to request initiatives in EEC trade policy to ensure reciprocity in trade contracts, particularly regarding import duties. Italian shoes are subject to a 40 per cent import tax in Spain, for example, while duties in Argentina and Brazil run as high as 170 per cent.

ANCI's planned request comes against a background of slumping sales of Italian shoes both at home and abroad. Industry figures show that in the first half of 1980, Italian shoe exports fell an average 10 per cent, despite good gains registered in January and February. April sales fell roughly 13 per cent from a year earlier, while sales in May registered a record 44 per cent drop and in June a 19 per cent drop.

The figures bear out earlier predictions, which Italian manufacturers used in February to convince the U.S. that it should not impose trade barriers on Italian-made shoes.

On the domestic market, meanwhile, Italian manufacturers suffered increased pressure from low-cost imports and the appearance of new competition from such places as the U.S. According to industry data, imports rose by 7.5m pairs of shoes in the first six months, an increase of 58.8 per cent over the year-earlier period. Industry officials noted with particular concern the sharp rise in sales of inexpensive shoes from China, Taiwan and India, where low labour costs and favourable exchange rates create large competitive advantages.

Competitive pressures also stand to increase with an expected 10 per cent net fall in sales in Italy by the end of the year. Despite the drop, shoe imports into Italy are seen touching the 35m-pair mark by year-end to capture roughly 30 per cent of the market.

AP-DJ

SAUDIS lend Kenya £9m

By John Worrall in Nairobi

THE Saudi Arabian Government is to lend Kenya KSh.3m (£9.5m) for the construction of the projected road link between Kenya and southern Sudan. The agreement was signed in Riyadh this week.

Repayments will be made over 20 year period, with a five-year grace period and carries 3 per cent interest.

The road will go from Lodwar, in Kenya, to the Sudan border, a distance of 245km, and has been estimated to cost KSh11.7m. The balance is to be funded by the EEC and the Kenya Government.

BP granted Sinai drilling rights

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM has been granted its first exploration rights over an Egyptian offshore block—a 1,200 sq km tract off the Northern Sinai which was once licensed out by Israel when it controlled the Sinai.

BP's agreement is one of six recently reached by the Egyptian General Petroleum Corporation with international companies. It has granted exploration rights over three more blocks (16, 22 and 28) in the Northern Sinai to the International Egyptian Oil Company, an affiliate of Italy's ENI, and two to CFP-Total of France (blocks 14 and 26).

The BP grant covers block 21 and provides for a \$1m (£414m) payment to be followed by investment of \$10m over three years, with an option of a further four years and additional expenditure of a further \$10m.

Israel's licensing arrangements became invalid when it withdrew from Sinai. BP became interested in block 21 after buying data on it from a Houston-based company, Moncrieff.

It expects to start seismic work next year and drilling could begin in 1982. Although this is BP's only offshore Egyptian exploration bloc, it has interests in several onshore blocks. It has a one third share with Deminex and Shell in various sites east and west of the Gulf of Suez, one of which could be in production in 1982, and is exploring on its own in Southern Sinai. It also has interests in the Nile delta.

Lurgi links with Exxon in Texas gas scheme

BY KEVIN DONE IN FRANKFURT

LURGI, the Frankfurt-based process plant engineering company, has signed a licensing agreement with Exxon, the U.S. oil company for the construction of a \$3-\$4bn (£1.6bn) coal gasification scheme in east Texas.

Lurgi, which is licensing the use of its well-tried gasification process, has been awarded the contract to carry out the engineering studies, which are expected to last up to two years. The final decision to go ahead with building the plant will be made by Exxon when this engineering study has been completed.

The estimated cost of \$3-\$4bn is understood to cover the total project investment, including the establishment of a local lignite mine to provide fuel for the plant.

Exxon's coal subsidiary has completed the purchase of local lignite reserves for the plant, which will be built at Troup, Texas.

The Lurgi gasification process has already been put to commercial use in many parts of the world, including the Sasol coal liquefaction plant in South Africa where it has been operating since 1955.

In the Sasol scheme, the coal is first gasified before being liquefied in a further processing step.

The Exxon plant will aim only at gasifying the brown coal, and no decision has yet been made on the final use of the synthetic gas.

It would be suitable for further processing into basic chemicals such as methanol and ammonia, or it could be used for heating purposes. The synthetic gas used by this process will have a calorific value similar to the old town gas which was widely produced in western Europe before the discovery of natural gas in Holland and the North Sea.

The synthetic gas has about half the calorific value of North Sea natural gas. The Exxon plant in Texas will be designed to produce about 20m cubic metres of synthetic gas a day, equivalent to a liquid output of some 63,000 b/d.

Cooper Rolls wins £16m Shell engine order

FINANCIAL TIMES REPORTER

COOPER ROLLS, jointly owned by Rolls-Royce and Cooper Industries of the U.S., have won an export contract worth \$40m (£16.5m) to supply gas turbine compression modules for offshore use in the South China Sea.

Rolls-Royce's industrial and Marine division in Coventry said yesterday that delivery is scheduled for the end of the year.

Five gas turbines, two Rolls-Royce-powered to be made in Glasgow and three Ruston-powered to be manufactured in Lincoln, will be supplied. They will provide Brunel Shell Petroleum with 50,000 hp for gas gathering and transmission duty in their Champion 7 field, helping to create the largest offshore installation in South-East Asia.

The order was placed by Scallop, a subsidiary of Royal Dutch Shell.

Rolls-Royce said there is a growing list of offshore contracts around the world for Rolls-Royce gas turbine engines. "In all, 104 engines are either operating, or are on order, for platforms in the North Sea, the Gulf, the Arabian Sea, Venezuela and the South China Sea."

Canada group in China deal

By Robert Gibbins in Montreal

CANPOTEX, the marketing arm of Saskatchewan potash producers, has signed a sales contract with Sinochem, the Chinese State trading company, which could be worth up to C\$300m (£108.1m).

The contract provides for the sale of a minimum of 650,000 tonnes of potash a year. It starts next January. The purchase price is to be based on the market conditions over the contract's life of three years.

The deal is bigger than Canpotex had expected when it started negotiations.

ANSAFONE GETS THE ANSWER FROM DATA GENERAL...ON HOW TO IMPROVE PRODUCTION CONTROL AND PROFITABILITY.



Ansafone is the biggest manufacturer and distributor of telephone answering machines in the UK, and one of the largest in the world.

Naturally, a company which is itself in the advanced electronics field, is no stranger to computers.

"But we were using 1960s techniques for 1980s business," says Managing Director, John Evans. By which he means that Ansafone was buying batch-processing time for its various operations with six computer bureaux.

"All too often we were forced to base decisions on information that was already out of date and it was costing a fortune," adds Financial Director, Mike Smith.

John Evans: "If we were going to stay ahead, we needed our own on-line system.

We needed it to administrate our tens of thousands of rental contracts. We needed it for payroll and internal accounts. Most vital of all, as a cost-conscious manufacturing company, we needed it to improve our inventory and production control, which, in turn, would have a significant influence on our overall profitability."

Ansafone investigated the hardware of sixteen computer companies before deciding the most effective answer was to install three mini-computer systems by Data General, to handle independently their three main requirements. Data General equipment was chosen on technical merit and its capability of using advanced COBOL, to simplify in-house programming.

From the word 'go', in September 1979, things moved fast. The rental system was in and working by November. Stock control and payroll, by March 1980. And in June, the stock

control system was adapted to give production control and materials requirements planning.

The production control system—IMPCON (Inventory Management and Production Control) was provided as a package by Cable and Wireless UK Services Ltd, using a Data General CS/60 computer and six terminals.

"Before we had this new system," says Mike Smith, "the best we could expect were stock reports days late. Now, we can define production and parts requirements against manufacturing estimates with total accuracy. What we particularly like are the extensive costing facilities. It not only deals with parts and quantities, but converts them into cash values."

John Evans: "Dramatically better—the results are there already."

If you want the answer to improving your manufacturing or business processes, ring Data General, or find out more about us by sending the coupon, today.

Data General
Over 83,000 computers are now at work in 57 countries.
To: Marketing Communications Dept. General Ltd. 14th Floor, Humber House, 72-74 London Road, Huddersfield, West Yorkshire HD1 1LJ. Tel: 0474 27455.
If possible, get the answer from Data General.
CIP/SS send literature and have a representative phone me.

Name _____ Position _____ Company _____ Address _____ Tel. _____

UK NEWS

Lloyds and Amex plan prestige joint card

By Michael Lafferty, Banking Correspondent

LLOYDS BANK and American Express are joining forces to launch an exclusive plastic payment card for higher income earners in the UK next year. The card will be the existing American Express gold card, at present issued only in the U.S.

The link with Lloyds is likely to be the first in a series of new arrangements with banks throughout Europe for the issue of the American Express gold card.

In addition to the features of the normal American Express green charge card, it will offer holders a range of services such as the facility to draw up to £1,000 in cash and travellers' cheques without a cheque book at all American Express travel offices.

Other facilities will include a £100 cheque-cashing arrangement at all Lloyds Bank branches in Great Britain, and a Lloyds Bank cash dispensing card enabling up to £100 a day to be withdrawn from over 900 machines nationwide.

Another feature of the gold card programme will be an overdraft facility with Lloyds on which interest will be charged at 2 per cent over bank base rate.

Lloyds and American Express have not finalised all the details of the new card scheme, including its cost. However, they suggest that there will be an enrolment fee of £25, and an annual subscription of about the same amount.

People will probably need to be earning over £20,000 a year to obtain a gold card.

Mr. Bob Amos, assistant chief general manager at Lloyds, said yesterday that the card programme was a marketing device designed to bring new customers to Lloyds.

Travel trade hits back at criticism

By Elaine Williams

THE TRAVEL industry hit back yesterday at allegations by the Consumer Association's magazine, *Holiday Watch*, that travel agents are often badly informed or give wrong information.

The magazine reported that 115 of its inspectors anonymously visited travel agents and were frequently appalled by the amount of bad advice they received.

The Association of British Travel Agents, ABTA, said yesterday: "If things were as bad as which says we would obviously be doing things about it. We have our own inspectors and our research indicates that the majority of customers get satisfactory treatment."

ABTA said an independent survey by *Woman's Magazine* revealed that 91 per cent of a sample of 3,000 readers were satisfied with travel agents.

Mr. Tony Heavens, managing director of P and O Travel said modern travel was complex and offered the danger of pitfalls as well as great opportunities.

Lords back £32m boost in research

By David Fishlock, Science Editor

A LORDS select committee has given its blessing to EEC proposals for a £32m research programme in biotechnology, spread over 1981-85.

The Select Committee on the European Communities believes that the biotechnology engineering research and development programme will complement Britain's efforts in biotechnology.

The programme is aimed at aiding the biotechnology industry and assisting researchers in "genetic engineering." Half the cost is being met from the Community budget.

The six projects envisaged include the development and evaluation of new kinds of reactors for biotechnology processes using living organisms as catalysts; and studies on the stability of organisms and ways of detecting contamination in biotechnology processes.

Biotechnology engineering. Report of the House of Lords Select Committee on the European Communities. Paper 350, pp 48. HMSO £4.70.

NEW WINE BAR

OPEN

NEAR ST PAUL'S

Londoners will work in the area between St Paul's Cathedral and St. Paul's Church. The wine bar is with PILGRIM'S WINE BAR in Pilgrim Street. Excellent atmosphere. Good food. Excellent house wines at £2.25 a bottle. Why don't you try it for lunch today or even a drink tonight?

PILGRIM'S WINE BAR

5 Pilgrim Street

London EC4

(Tel. 01-248 2255)

Lucas Girling to cut production by a third

By ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS GIRLING is to axe the equivalent of 2,200 jobs, about 30 per cent of its workforce, because of the motor industry's slump.

Lucas Electrical, which has already called for 3,000 redundancies, has announced plans for short-time working at the Burnley switchgear and relay plants equivalent to another 240 jobs.

Two engineering companies in Lincoln are also making more than 200 people redundant, it was announced yesterday. Clayton Dewandre, which makes car brake components, is to lose 189 jobs and Caplin Engineering will cease normal production, putting 32 out of work.

Lucas Industries said last night that employment prospects for its 64,000-strong workforce were continually under review.

Girling, the brakes and suspension division with 7,600 workers at seven UK plants, said the recession had proved deeper than expected. From next month production will be cut by between 20 and 30 per cent by short-time working and voluntary redundancies.

Discussions will take place with unions during the next two weeks, and there is no question yet of compulsory redundancies. Girling has been hit by the international downturn in demand for cars, commercial vehicles, tractors and railway equipment.

At Lucas Electrical, unions have moderated their outright opposition to redundancies. The company has extended today's deadline for volunteers by two weeks, but it still seems likely that 500 people will have to be dismissed.

Against the climate of recession and redundancies, Lucas management must be optimistic of achieving satisfactory pay deals with its workforce, most of whom should have settled from the beginning of July.

In the Birmingham area 12,000 workers have already reluctantly accepted a 10 per cent pay offer. But about 1,200 toolmakers, who are still in dispute, could pose a problem.

At Clayton Dewandre, employees last year accepted wages cuts of up to £16 a week in an attempt to save jobs. But the company said that sales had been hit.

Caplin, which makes parts for the microchip industry, said it had suffered from fewer export and cash flow problems.

BR may end delivery of parcels

By PHILIP BASSETT

BRITISH RAIL, which has already decided to cut train services by between 2 and 5 per cent as an economy measure, is considering abandoning the collection and delivery of rail-freighted parcels to cut costs further.

Under the terms of a proposal considered yesterday by the British Railways Board, BR would still transport parcels between stations, but would no longer offer collection from place of despatch and direct delivery to the final destination.

The proposal is likely to anger leaders of the three railway unions, who are already responding strongly to BR's proposed cuts, which it is estimated will result in the loss of 3,500 jobs in rail and lorry parcel transport.

The cut in services stems directly from BR's financial difficulties. It has already announced an operating loss of £24.2m for the first half of the year and expects to exceed its annual cash limit by £40m-£50m.

If implemented, the proposal would severely curtail the present parcels service. The bulk of non-station-to-station parcels—more than 90 per cent of the total—involve collection and delivery. So all this could fall within the scope of BR's economy plan.

Red Star parcels, which are only carried at premium rates of payment, comprise about 13 per cent of the total load. Last year some 5.5m Red Star parcels were carried, while the number of other parcels transported was about 37m.

The total parcels revenue for the board last year was £131m, of which close to £100m stemmed from the collection and delivery service.

Lynton McLain writes: The British Railways Board met yesterday to agree on the level of its second train fare rise in under 11 months. Train fares last rose on January 6 by an average of 20 per cent, but in some busy routes they rose by almost 30 per cent.

The board said the level of the proposed fare rise—widely expected to be about 15 per cent—would be announced on September 17. In the meantime, Sir Peter Parker, chairman of British Rail, has arranged to tell Mr. Norman Fowler, the Transport Minister, about the planned rise.

Deficit smaller than expected

By PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DEFICIT on the current account of the UK balance of payments in the first half of this year was much smaller than previously estimated.

Figures published yesterday by the Central Statistical Office show that the deficits in the first and second quarters of this year were £162m and £58m respectively.

This compares with previous estimates of £417m and £149m deficits for the two quarters and an average quarterly deficit of £460m last year.

The changes have occurred mainly because of upward revisions to the estimated surpluses on invisible trade, though the surplus still dropped from £470m to £233m between the quarters.

The invisible transactions of the private sector and of public corporations (excluding transfers) were in surplus by about £1.28bn in the second quarter, compared with more than £1.3bn in the previous three months.

The balance was depressed partly by the exceptional rebates of investment incomes as the double tax convention with the U.S. came into force.

On the other hand, the balances of interest receipts by UK banks on their Euro-currency business with non-residents moved back into surplus again.

There was a continued sharp rise in interest, profit and dividend debits on foreign oil companies' investment in the UK—£782m in the quarter compared with £497m in the same period a year earlier.

There was again a large increase in the number of visits abroad by UK residents, coupled with a rise in real terms in average spending per visit.

Expenditure in the UK by overseas visitors fell slightly in the second quarter. The number of visitors was 2 per cent higher than in the same period of 1979 but was unchanged compared with the previous three months.

The net result was that the surplus on travel account of £80m was the lowest in any quarter since 1975.

with £497m in the same period a year earlier. There was again a large increase in the number of visits abroad by UK residents, coupled with a rise in real terms in average spending per visit.

Expenditure in the UK by overseas visitors fell slightly in the second quarter. The number of visitors was 2 per cent higher than in the same period of 1979 but was unchanged compared with the previous three months.

The net result was that the surplus on travel account of £80m was the lowest in any quarter since 1975.

BALANCE OF PAYMENTS (£m)					
	1978	1979	1979	1980	
			4th qtr.	1st qtr.	2nd qtr.
Seasonally adjusted					
Visible trade (balance)	-1,546	-3,404	-785	-632	-301
Invisible (balance):					
Services	+3,486	+3,579	+954	+1,046	+988
Interest, profits and dividends	+520	+289	-174	-34	-109
Transfers	-1,840	-2,327	-634	-542	-646
Total	+2,166	+1,541	+146	+470	+233
Current balance	+620	-1,863	-639	-162	-68
Not seasonally adjusted					
Current balance	+620	-1,863	-639	-162	-68
Investment and other capital transactions	-3,518	+1,170	-231	-223	+89
Investment and other capital	+1,772	+2,403	+617	+1,090	+450
Balance for official financing	-1,126	+1,710	-29	+509	+246
Allocation of Special Drawing Rights					
Official financing					
Official reserves (drawings on, + additions to, -)	+2,329	-1,059	+116	-457	-140
Other official financing	-1,203	-846	-87	-232	-106

Source: Central Statistical Office

with £497m in the same period a year earlier. There was again a large increase in the number of visits abroad by UK residents, coupled with a rise in real terms in average spending per visit.

Expenditure in the UK by overseas visitors fell slightly in the second quarter. The number of visitors was 2 per cent higher than in the same period of 1979 but was unchanged compared with the previous three months.

The net result was that the surplus on travel account of £80m was the lowest in any quarter since 1975.

with £497m in the same period a year earlier. There was again a large increase in the number of visits abroad by UK residents, coupled with a rise in real terms in average spending per visit.

Expenditure in the UK by overseas visitors fell slightly in the second quarter. The number of visitors was 2 per cent higher than in the same period of 1979 but was unchanged compared with the previous three months.

The net result was that the surplus on travel account of £80m was the lowest in any quarter since 1975.

with £497m in the same period a year earlier. There was again a large increase in the number of visits abroad by UK residents, coupled with a rise in real terms in average spending per visit.

Expenditure in the UK by overseas visitors fell slightly in the second quarter. The number of visitors was 2 per cent higher than in the same period of 1979 but was unchanged compared with the previous three months.

The net result was that the surplus on travel account of £80m was the lowest in any quarter since 1975.

with £497m in the same period a year earlier. There was again a large increase in the number of visits abroad by UK residents, coupled with a rise in real terms in average spending per visit.

Consett workers agree job cut talks

By Maurice Samuelson

THE PROSPECT of a confrontation over the closure of the British Steel Corporation's works at Consett, Durham, faded yesterday when the overwhelming bulk of the workforce voted to begin talks on redundancy terms.

At a mass meeting which lasted just 20 minutes, only a handful of the 3,700 workforce voted against the talks.

The shutdown of the works is due to start on Sunday and production will cease at the end of next week.

British Steel has promised to keep the blastfurnaces warm "for a reasonable period" in case it receives a last minute proposal to take it back into private ownership.

But it has had no bids yet in spite of Monday's meeting between Industry Department officials and two management consultants claiming to represent a group of Northern industrialists.

The Consett workers' quick acceptance of redundancy talks means that BSC is set to achieve the 52,000 reduction in its workforce, announced in December, without a further dispute on top of the recent three-month pay strike.

The closure of the iron and steel works could mean that more than 30 per cent of Consett's male workforce will be unemployed.

Casinos deal REO STAKIS, the Glasgow-based hotel and leisure company, will take over the ownership at mid-day today of the first and most profitable of the five provincial casinos it is buying from the Ladbroke Group for over £4.4m cash.

This follows the decision by magistrates in Leeds yesterday to approve transfer of the casino licence there to Reo Stakis, which also has casino certificates from the Gaming Board for the Ladbroke clubs in Birmingham and Bristol.

Mr. John Loughran, the managing director of the Glasgow company, said he was also expecting the necessary consents from the Gaming Board on the other two casinos it is buying from Ladbroke in Middlesbrough and Stockton.

Energy strategy THE RECENT fall in oil consumption in the UK shown by figures issued earlier this week was no basis on which to plan a medium-term energy strategy, Mr. David Howell, Energy Secretary, said yesterday.

The 11.3 per cent drop in oil consumption in the three months to July was the result of stockpiling last year and the recession.

It was a very unsafe basis from which to build a strategy to take account of uncertainty about the future policy of OPEC and political events such as had happened in Iran.

Beer decline UK beer production fell by 6.3 per cent in July to 3.44m bulk barrels, compared with the same month last year, the Brewers' Society said yesterday. Production in the first seven months of 1980 was 1.8 per cent lower.

Printing losses BRITAIN'S printing industry had a balance of trade deficit in May of £3.5m—the first time it has slipped into the red this year. This compares with a surplus in April of £3.6m.

Factors for the decline include increased competition in home and overseas markets caused by the strong pound.

technical underwriting profits which were down from £17.5m to £14.6m.

After expenses the result was reduced to an ultimate profit of nearly £8m. Claims rose 31 per cent to £133m against an increase in premiums of 24 per cent to £147m.

The increase in accidents and inflation affected the account, although road conditions in the latter months of last year and early 1980 were favourable because of better weather.

Even so, Lloyd's underwriters are planning to increase premiums again this year.

The aviation market showed a sharp fall in technical underwriting profits from £5.6m to £1.2m. The loss ratio for 1977 at the end of the third underwriting year was 99.18 per cent—the highest percentage for 20 years.

The premium of £145.5m remained virtually static, certainly a reflection of the over-capacity that exists in world insurance and reinsurance markets.

British Airways facing fight on first class plan

BY LYNTON MCLEIN

BRITISH AIRWAYS is expected to face stiff opposition from other airlines to its plan, announced yesterday, to phase out first-class fares on all its European services from April 1.

In particular, Lufthansa, the West German airline, Swissair, Iberia, the Spanish airline, and Air Portugal remain committed to offering first-class fares in Europe.

These airlines remain intransigent in spite of pressure from British Airways at this week's meeting of the International Air Transport Association in Geneva, called to discuss fare strategy for the future.

British Airways had already dropped first-class fares in an experiment on the London to Paris route earlier this year, in association with Air France.

In spite of the opposition from some European airlines to the plans, British Airways already has the support of KLM, the Dutch airline, SAS, the Scandinavian airline, Olympic, the Greek operator, Finnair, Gibair, Air Malta and Luxair.

Under an agreement negotiated with KLM, British Airways plans to drop first class fares on its services between London and Amsterdam, and between Manchester and Amsterdam from November 1.

However, no new fares have yet been agreed. British Airways said yesterday that the new level of fares would "depend on reaching agreement with the International Air Transport Association mem-

bers." British Airways is also planning to follow the lead given by Air France earlier this year in dropping first class on the London to Nice route, from October 26, although again no new fares have yet been agreed.

BA also hopes to drop first class on the Birmingham and Glasgow to Paris services from the same date.

The state-owned airline refused to give figures yesterday to back its claim that the traffic on the London to Paris route had increased as a result of the change from first class to club class. This class is available at 75 per cent of the former first class rate and is offered alongside a new tourist fare, at 75 per cent of the previous economy fare.

Cable and Wireless chairman named

BY ELAINE WILLIAMS

MR. ERIC SHARP, chairman of Monsanto's UK subsidiary, is to take over the chairmanship of Cable and Wireless, the state-owned telecommunications company, when Lord Glenamara retires in October.

His appointment—which is part-time—comes when the Government's plans to sell the company to private enterprise have been dogged by Whitehall differences over the disposal.

Sir Keith Joseph, Industry Secretary, is anxious to bring in private finance to Cable and Wireless, but wants to ensure that the company's success is not affected by a rash decision to sell too quickly. The Treasury, on the other hand, is keen to proceed with its disposal.

Mr. Sharp, who was the favourite for the chairmanship, is believed to be in tune with the Government's views on selling off the company.

He will continue as chairman of Monsanto on a part-time basis, although preparing Cable and Wireless for the sale is likely to take a lot of his time.

Mr. Sharp joined Monsanto in 1969 and is president of the Chemical Industries Association. He was awarded the CBE in the New Year's Honours List, and is a part-time member of the Central Electricity Generating Board and chairman of Polyamides Intermediates.

Previously he was a Principal in the Ministry of Power in 1957, and a board member of ICI.

Row grows over Scottish agency's overseas role

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE GROWING row over the role of the Scottish Development Agency in seeking overseas investment was fuelled yesterday.

Mr. Peter Balfour, chairman of the Scottish Council (Development and Industry) called on Mr. George Younger, Scottish Secretary, to reject the proposal that overseas promotional work be taken from the agency and given to Government departments.

The proposal had been put forward last week by the Commons Scottish Select Committee. Its report had been based on party lines, the committee's Conservative members urging the switch and Labour MPs opposing it.

Mr. Balfour, chairman of Scottish and Newcastle Breweries, which last year made a contribution of £1,000 to the Conservative Party, said that to give responsibility for promotion "to a body whose political masters are in London is to leave Scotland vulnerable and exposed to changes in the political climate in the south."

The suggestion has been attacked strongly by Mr. Lewis Robertson, outgoing chief executive of the agency. Mr. Robertson has been urging the Government to expand the agency's operations in America and Japan.

The agency has offices in New York, San Francisco and Brussels and wants to go further afield. However, it clashes with Government policy to use the Trade Department as the main instrument in attracting investment to Britain and then encourage regional bodies to put up the case for any potential entrant going to their area.

Mr. Balfour, who previously has attacked the Government's regional policies, returned to this theme when he suggested that Whitehall should "think through its regional policy—or lack of regional policy."

Speaking in Dunfermline, he said there was under-utilisation of Scotland's assets and people. This was disgraceful in a country self-sufficient in energy.

U.S. market move by British Aerospace

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE is to make its own bid to win orders in the rapidly expanding U.S. market for the BAe 748 airbus by sending a 50-seat BAe 748 airbus on an eight-week demonstration tour of the U.S. beginning this month.

The aircraft will go first to the National Business Aircraft Association annual show at Kansas City on September 23. It will then tour 18 states concluding with an appearance at the Computer Airlines Association of America meeting in Phoenix, Arizona, on November 11.

The twin-engined 748 has already won sales of 350 aircraft to 75 operators in 45 countries, worth about £500m, of which about £400m has been in exports.

But, the new market potential which deregulation has opened for commuter airlines in the U.S. is believed to offer a major opportunity for new order for the 748 in spite of strong competition developing for other types of aircraft.

Many of these rival designs are only just starting their development, and will not be available to the airlines until about 1983, whereas the 748 is available now.

It is already in quantity production at British Aerospace factories centered on Manchester, at a rate of about one and a half aircraft a month, but this rate can be swiftly increased to meet demand.

The flag airline of Trinidad and Tobago, British West Indian Airways International, has signed a contract with Lockheed for two more long range TriStar jet airliners to replace ageing Boeing 707s.

The new aircraft will be of the latest Series 500 version and the deal is worth about \$100m (about £41.5m). Of this about one third will come to Rolls-Royce whose RB-211 engines power the TriStar.

Delivery of the two new aircraft is expected in late 1981 and mid-1982.

Split over worker directors

By John Elliott, Industrial Editor

A SPLIT has emerged in the UK among senior industrialists and other lobbyists who are trying to stop the European Commission introducing a directive on worker directors in the next few years.

This emerged at an Institute of Directors conference in London yesterday when Mr. Walter Goldsmith, the Institute's director general, criticised efforts by Conservative Members of the European Parliament who have been trying to water down the Commission's proposed fifth directive.

Mr. Amédée Turner, a lawyer and Conservative MEP for Suffolk who is vice-chairman of the European Parliament's legal affairs committee, said the Parliament was finalising new proposals to replace the Commission's draft directive.

These were aimed at avoiding the compulsory appointment of worker directors and gave companies a choice of a single or double tier board. Companies opting for a single tier structure would have to introduce a consultative council elected by all employees, including management.

Mr. Turner said he and his fellow MEPs considered this was the least that they could do to push through the Parliament.

But Mr. Goldsmith said these proposals were "no more satisfactory" than the existing draft directive, and were "unlikely to succeed" because they would not appeal to all countries involved.

Mr. Goldsmith also announced a list of consultative measures that companies should introduce. These are partly aimed at reducing political pressure for legislation on industrial democracy, but they fall far short of most trade union demands. They included issuing company information to employees through addresses by company chairmen and the publication of annual reports for employees, the creation of company-wide consultative committees and work-place committees, and the encouragement of employee share ownership.

Mr. Goldsmith also announced a list of consultative measures that companies should introduce. These are partly aimed at reducing political pressure for legislation on industrial democracy, but they fall far short of most trade union demands. They included issuing company information to employees through addresses by company chairmen and the publication of annual reports for employees, the creation of company-wide consultative committees and work-place committees, and the encouragement of employee share ownership.

Mr. Goldsmith also announced a list of consultative measures that companies should introduce. These are partly aimed at reducing political pressure for legislation on industrial democracy, but they fall far short of most trade union demands. They included issuing company information to employees through addresses by company chairmen and the publication of annual reports for employees, the creation of company-wide consultative committees and work-place committees, and the encouragement of employee share ownership.

Hopes rise for Swiss Rapier deal

By Our Aerospace Correspondent

HOPES OF the UK winning a major new order for Rapier low-level anti-aircraft missiles appear to be strengthening.

UK NEWS

International uranium grid proposed by Japan

By Roy Hodson

An international network of uranium stockpiles has been proposed by Japan. The arrangement, which would be a safety net to protect nations dependent upon nuclear power from disruptions in uranium supplies and from unusual fluctuations in the uranium market.

Mr. Atsuhiko Yatabe, director general for scientific and technological affairs for the Japanese foreign ministry, revealed the Japanese plan and the arguments supporting it at the Uranium Institute symposium in London yesterday.

There would be three main advantages if consumer countries and uranium producing nations made available parts of the many uranium stockpiles that existed to form a new world network, he said.

Risks would be shared more widely because individual nations would be less dependent upon their own assessments of the uranium market. As the network would be based upon existing stockpiles there need

be no substantial extra spending upon additional stockpiles.

Finally, if a sufficiently large number of nations agreed to join what would amount to a uranium pool, the participants would be in a strong position to cover themselves against major interruptions or fluctuations in uranium supplies.

International co-operation on the scale proposed would have a stabilising effect upon the world uranium market, Mr. Yatabe said. The safety network would on the one hand help assure uranium supplies to consuming countries and, on the other, encourage the sound development of mining industries in the uranium producing countries.

There was a fundamental interdependence between supplier and consumer countries and the sound development of the uranium market would bring benefits to supplier and consumer countries alike.

"We are all well aware that a sound international market must be built upon mutual

confidence and that this is the only way to assure a sound future for this very important energy resource."

Calling for a detailed study and investigation of the Japanese proposal he said it must include some sorting out of existing commercial contracts as well as a proper sharing of the many charges involved in uranium stockpiling.

But none of the problems were unresolvable compared with the advantages and stabilising effects they would create in the world uranium market.

The uranium market worldwide was suffering from a loss of momentum which was tending to create a loss of confidence. The cause was the stagnation of nuclear power plant construction.

Unless the uranium mining companies continued to make sufficient exploration efforts, in the year 2000 they would not be able to provide the quantities of uranium required to run nuclear plants in sufficiently large numbers to cope with energy demand.

Raleigh trade bias claim goes to OFT

By David Churchill, Consumer Affairs Correspondent

THE ARGOS discount stores chain yesterday provided the Office of Fair Trading with details of TI Raleigh's refusal to supply it with its main brand of bicycles.

The meeting was part of the Office of Fair Trading's investigation into Raleigh—announced last month—as one of the first probes under the new Competition Act. This enables the office to investigate any anti-competitive practice carried out by a single company.

The Office of Fair Trading's three-man investigation team is at present meeting a number of retailers, including Argos and Tesco, who have complained about Raleigh's refusal to supply them with Raleigh bicycles. Raleigh will supply in some cases its Sunbeam brand, but this does not carry the same promotional advantages as the Raleigh name, especially after Raleigh's victory in the Tour de France earlier this summer.

Argos revealed yesterday that its latest request for Raleigh bicycles had again been turned down. A letter from Raleigh dated August 22 said that "in all the present circumstances we do not consider it appropriate that Raleigh branded products be included in the spring-summer (Argos) catalogue."

The main reason for Raleigh's refusal to supply some major retailers is a concern that they do not provide the same sales service as small retailers. In addition, there are fears that the cut-price policies of the big retailers could force out of business the independent bicycle retailers who sell the bulk of Raleigh's UK output.

Raleigh says its retail outlets are selected to provide "a strong servicing base in the interests of road safety and continuity of bicycle selling throughout the seasonal pattern of the year and through bad times as well as good."

The investigation is likely to be completed next month and could be followed by a six-month probe by the Monopolies and Mergers Commission to determine the public interest.

Under the 1976 Resale Prices Act it is unlawful for a supplier to set minimum prices or to try to enforce these through withholding supplies or discriminating in other ways.

In the case of Raleigh, however, the Office of Fair Trading felt the new Competition Act was more appropriate than the Resale Prices Act.

Arms controls 'mean dearer fuel'

By David Fishlock, Science Editor

THERE WAS a price to be paid for exercising controls aimed at preventing the proliferation of nuclear weapons, a senior British Energy Department official warned the Uranium Institute's annual meeting in London yesterday.

Mr. Ivor Manley, in charge of the nuclear division of the Energy Department, said the price was an extra charge on the cost of nuclear fuel services. An extreme example of the extra cost would be that paid by a country with a large requirement for electricity and a high nuclear programme but without domestic uranium sources, which deliberately deferred reprocessing and the use of fast breeder reactors.

Mr. Manley said that the cost of a non-proliferation policy varied from country to country. But most were willing to accept "some extra costs in economic, energy, or other terms in the interests of non-proliferation."

Policy-makers should recognise that the policies which stood "the chance of success and universal acceptance were those which minimised such costs, or provided some kind of incentive for incurring them."

He believed that "the interests of non-proliferation and economics can be made to coincide." Multinational plants for uranium enrichment and reprocessing spent fuel were economically attractive alternatives to national plants.

Some economically advantageous new fuel-cycle technology was also easier—and hence cheaper—to safeguard against proliferation.

But in general non-proliferation policies would be acceptable only if there was greater stability in the nuclear market. The way to get more stability was to win broader agreement on the non-proliferation conditions of supply, and the way in which export controls should be exercised.

Agreement would be reached only if suppliers recognised the needs of customers for predictability in the nuclear market, and if customers recognised the need to provide assurance of peaceful intent.

Universal acceptance of full-scope safeguards, where the customer agrees to allow all his nuclear facilities to be examined by international inspectors, "would go a long way to rebuilding stability in the

nuclear market, and allaying concerns about proliferation," said Mr. Manley.

The multi-national enrichment plant at Eurodif in France, scheduled to reach full capacity next year, would process only 12,000 tonnes of natural uranium during the 1980s, compared with earlier expectations of 173,000 tonnes. This was because of reduced demand from France's four partners in the project—Belgium, Italy, Iran and Spain—said M. Jean-Pierre Rougeau, commercial director of Eurodif.

M. Rougeau said the cutbacks meant plant of Eurodif in three courses of action in operating the £2bn project. One was to apply the full application of contractual flexibilities, in order to minimise the quantity of enriched uranium produced and the amount of natural uranium required.

Another was adjustment of the plant's energy consumption profile to the seasonal demand upon the French grid, "thereby improving the overall economy of energy supply." The third was "special production policies" which could take advantage of the operating flexibility of the gaseous diffusion process.

New rail technology ruled out by cost

THE POSSIBILITY of a new rail system for Britain, based on such new technology as magnetic levitation, was ruled out yesterday by British Rail's research director Dr. Alan Wickens.

For speeds of above 300 kph (about 190 mph), new lines would have to be built because of the geometric constraints of the existing system, he told the association in a review of future railway technology.

Even on such busy routes as London to Glasgow the passenger flow was not nearly large enough to justify the cost.

"There is, under foreseeable conditions, no possibility of the massive cost of new high speed lines being justified," he said.

The main thrust of research and development in the immediate future would be in freight and local passenger systems.

Like the Advanced Passenger Train, they would seek to maximise the use of the existing rail system.

The joint application of microelectronics, computers and communications, with perhaps British Rail's own earth satellite, would have a profound effect on railway development.

A much higher quality of service would be possible if every train were in direct communication with control centres, which could operate a real-time simulation. This would allow railways to react to unforeseen events and travellers' changing demands.

The greatest challenge facing rail freight was to capture a larger share of the high value general merchandise sector with small consignments, said Dr. Wickens.

This could happen through improved container transfer methods and by sending containers through a sorting centre when the flow did not justify a direct train.

Local passenger trains could be made more efficient through the use of light alloys, or plastics rather than steel, and the development of actively controlled suspensions.

Further developments are also likely in improving transfers between different forms of transport, said Dr. Wickens.

The short distance between Birmingham Airport and Birmingham International station was ideal for a fully-automated shuttle system, with unmanned cars operating like a horizontal lift.

Government urged to take action over non-tariff barriers

ACTION MUST be taken against non-tariff barriers if there is to be a further liberalisation of world trade, or even a realisation of gains expected through past and present tariff reductions.

Dr. Brian Hindley, lecturer in economics at the London School of Economics, told the association yesterday that governments unable to use tariff increases as an instrument of policy because of the General Agreement on Tariffs and Trade had turned to alternative means of achieving the same ends.

Dr. Hindley said disposable real wages are likely to rise fastest when full use is made of trade opportunities. Because of this the British Government should support all attempts to limit the possibilities of impeding trade.

The nationalised industries have impeded, or been used to impede, domestic adjustment to changing costs in the rest of the world.

It was a standard theory of international economics that subsidising a home industry faced with competing imports was the most efficient way of maintaining its scale.

"The most generous interpretation of the relationship

between the nationalised industries producing internationally tradeable goods and trade flows is that nationalisation is a means of paying such subsidies."

But these subsidies have private sector equivalents. There was little difference in

maintaining the domestic coal-mining industry at higher levels of output and unemployment than might otherwise be the case and maintaining the textile industry by negotiating "voluntary" export quotas with India and Hong Kong.

Dr. Hindley argued that whether an industry was subsidised by nationalisation or some other means the effect was to benefit those employed in the industry at the expense of a tax raised on those who were not.

The real issue was whether international trade was viewed as a means to make better use of domestic resources or as a matter of international rivalry.

Nationalisation and subsidies, by keeping workers in a threatened industry, were foreclosing the opportunities for economic efficiency offered by international trade and specialisation. Such policies were likely to have a bad effect on income and the distribution of income abroad.

Raymond Snoddy reports on the British Association for Advancement of Science meeting at Salford University

Mixed economy 'promotes trade'

SIR DEREK EZRA, chairman of the National Coal Board, told the association yesterday that the public and private sectors of the economy were increasingly working together in the national interest to promote British trade.

He said that publicly-owned enterprises, which represented some 12 per cent of Gross Domestic Product and employed about 8 per cent of the labour force, had earned nearly £3bn overseas in the year to July, 1980.

Apart from exports of steel, aircraft and coal, a developing and increasingly important export was the sale of technical expertise through consultancy and project management.

Sir Derek told a session on the mixed economy and trade that the areas in which the nationalised industries operate presented particular opportunities for co-operation with the private sector.

There were 23 members of the Nationalised Industries Overseas Group, which since 1976 had been promoting collaboration in overseas markets. Each member operated in partnership with its suppliers and with other allied private sector companies and consultancies.

The nationalised industries tried to improve suppliers' export opportunities and specifications for equipment.

They also gave potential overseas purchasers the opportunity to see equipment in use and assisted in training overseas personnel to use British equipment.

Sir Derek emphasised that the public enterprises played a major role in promoting import substitution, and made an important contribution to Britain's balance of trade.

"In these and other ways, the public and private sectors of the mixed economy work together in their mutual interest, and in the national interest, in the promotion of British trade," he said.

Heart attacks can be prevented—doctor

EVIDENCE IS growing that coronary disease is largely preventable, Dr. Edward Wade, director of the Cardiology Department at Manchester Royal Infirmary, told the association.

Trends in the U.S. pointed the way to the future, he said. The age-adjusted mortality rates for coronary disease there rose by nearly 19 per cent between 1950 and 1963, but between 1968 and 1976 the rate fell by 25 per cent. This meant that 131,000 Americans who might have died between 1968 and 1977 were still alive.

Dr. Wade said that neither

better medical care of heart attacks nor high blood pressure, nor exercise, could account for much of the decline.

Only composition of diet and the levels of cholesterol and smoking were probably responsible.

It was vitally important to get heart attack victims to hospital as soon as possible, said Dr. Wade. If coronary units were to have an impact, patients had to be admitted early.

He added that there was a desperate need for preventative drugs.

Professor Jeremy Morris, of the Department of Human Nutrition and Community Health at the London School of Hygiene and Tropical Medicine, said that half British men aged between 40 and 60 developed coronary heart disease.

Sir Douglas Black, president of the Royal College of Physicians, defended heart transplants at yesterday's meeting. Earlier this week Dr. Peter Draper of Guy's Hospital said the operation was almost "obscenely irrelevant" compared with the number of heart disease sufferers.

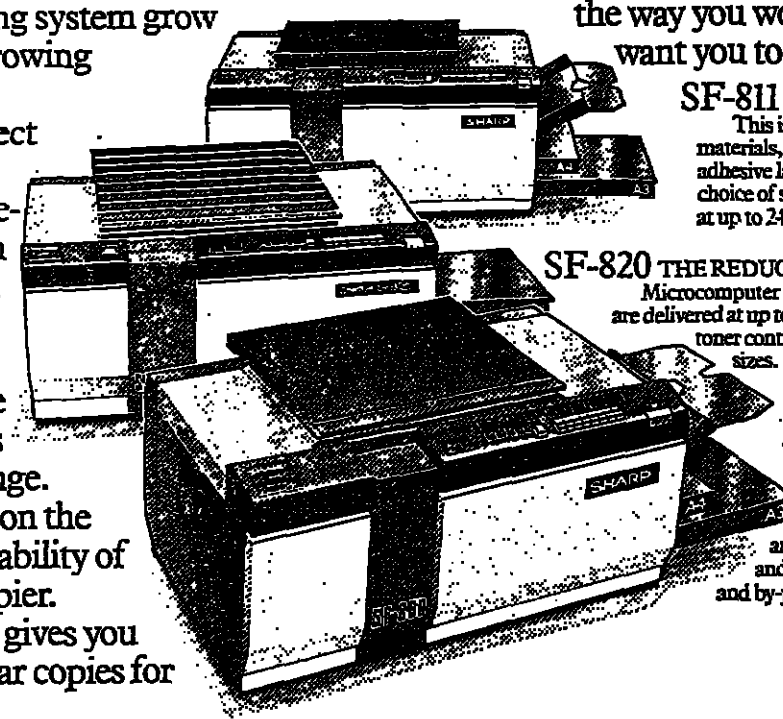
The Copier range that's right for today...

The Sharp 800 copier range provides you with all the copying capacity you need now—plus the built in versatility that lets your copying system grow to meet your growing demands.

Take a good look now at the Sharp range of copiers. The decision you make about the copier you have in your office is going to affect the way you work for a long time—we want you to make the right decision.

First you select the copier that fits your requirements and then you can add on the time and labour saving options that are the big features of the Sharp range.

You can rely on the quality and reliability of every Sharp copier. Reliability that gives you crisp, clean, clear copies for years to come.



SF-811 THE VERSATILE COPIER
This is the copier that copies onto a variety of materials, overhead projection sheets, self adhesive labels and most kinds of paper, plus a choice of six sizes of copying paper cassette feeds at up to 24 copies per minute.

SF-820 THE REDUCTION COPIER
Microcomputer controlled reduced or same size copies are delivered at up to 24 copies per minute. With automatic roner control and a choice of eight paper cassette sizes.

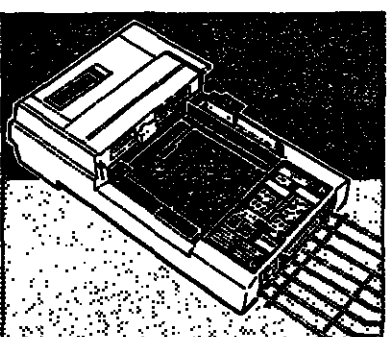
SF-850 THE HI-SPEED COPIER
The Sharp Hi-Speed copier, copies onto almost any material at up to a remarkable 33 copies per minute, and you also get automatic roner control and a choice of five sizes of paper cassette and by-pass unit.

...and for years to come!

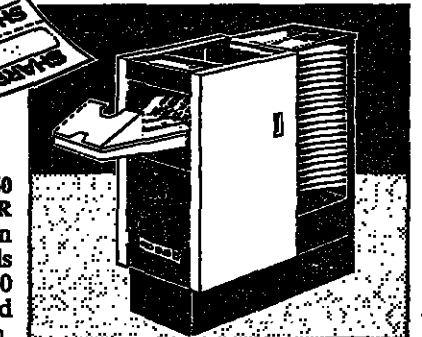
The Sharp 800 series not only offers you the choice of three versatile machines but also the option to add modular accessories at any time. Your copying system can grow with you. You pay for no more than you need and you still get the option to improve your copying system at any time!

Just look at the range of materials that you can copy onto:

Lightweight papers.
Overhead transparencies.
Normal weight paper.
Coloured paper.
Self adhesive labels.
Company Stationery.



SF-460 AUTOMATIC DOCUMENT FEEDER
Loads up to 50 sheets of originals and automatically feeds each sheet for single or multiple copies. A really big time saving option.



SF-850 HI-SPEED SORTER
Fast automatic collation in same order as originals of up to 20 copies of 100 each. A big time and labour saving option.

The Sharp 800 series

We've got the copyright



Sharp Electronics (UK) Ltd., Thorp Road, Newton Heath, Manchester M10 9BE. TEL: 061 205 2333

Please send me information about the big Sharp 800 range of copiers

Name _____

Company _____

Address _____

Telephone No. _____
Sharp Electronics (UK) Ltd., Thorp Road, Newton Heath, Manchester M10 9BE

FT5/9

UK NEWS—THE TUC AT BRIGHTON

Calls for Government aid and controls on imports dominate industrial debates

CONGRESS heard a number of calls for Government aid and import controls when it discussed the work of the TUC industry committees.

Industries viewed with most concern included construction, textiles, paper and printing and shipping.

CONSTRUCTION: The industry provided the country's vital infrastructure and the Government had "an inescapable duty" to support it, Mr. Les Wood, General Secretary of the Union of Construction Technicians and Allied Trades, said.

Mr. Wood was moving a composite motion on the construction industry and public sector housing, which was carried overwhelmingly.

The motion said that present Government policies towards the construction industry would result in mass unemployment, the loss of crucial building skills, an increase in the "lump," and an end to any hopes of ending casual labour in the near future.

It called for a programme of capital injection into the industry, and called on unions to resist cuts in, and disposals of, public housing.

Mr. Wood described Mr. Michael Heseltine, Environment Secretary, as the "Tarzan of the Tory Party," and said the cuts he had made in construction "would put the real Tarzan to shame."

"Through him, the industry is being run down in the full realisation that the recession there will spill over into British manufacturing industry," he said.

Mr. Wood called on the Government to reverse the cuts in its building programme, to reconstitute the Construction Industry Manpower Board, and to train young construction workers.

Mr. Harry Loxton, of the Greater London Staff Association, said that "the Government is firm in its determination to deprive the workers of jobs and firm in its determination to deprive the workers of houses."

It had been ideological Tory dogma, which led Greater London Council to dispose of its housing stock to the London

boroughs and to disband its direct-labour organisation.

Mr. Bill Seawright, of the National and Local Government Officers' Association, said the Government clearly intended to disband all direct-labour organisations.

The provisions of the Local Government Bill, to come before Parliament next year, set impossible targets for direct-labour organisations.

"They would never have survived and grown had they not



Mr. Gavin Laird: warning on power manufacturing.

proved their worth to the general public, he said.

ENERGY: Conference endorsed a motion on energy policy which reaffirmed the TUC's commitment to a nuclear programme and decisively rejected an amendment calling a halt to the future construction of nuclear power stations.

Mr. Gavin Laird, of the Amalgamated Union of Engineering Workers (engineering section), said the wealth which North Sea oil would generate in the immediate future must be used to regenerate the country's manufacturing base.

By 1985, he said, the country would need to construct two megawatts of generating capacity each year. "But if the

Reports by Christian Tyler, John Lloyd, Pauline Clark, Philip Bassett, Nick Garnett. Photographs by Terry Kirk.

power manufacturing industry is allowed to continue to decline, then by 1985 we will not have an industry capable of building it."

Mr. Laird said there was no alternative to "peaceful nuclear energy." The nuclear industry provided work for 35,000 people and had an unrivalled safety record.

Mr. Arthur Simpson, general secretary of the National Association of Colliery Overseers and Deputies, said those who joined anti-nuclear organisations "wanted to take advantage of the emotions of people."

He made a plea to delegates to buy British goods, adding amidst laughter that his wife had already taken action by refusing to clean foreign shoes. "She refuses to clean British shoes as well—but that's another matter."

Moving the amendment, Mr. Jake Ecclestone, of the National Union of Journalists, said the nuclear programme was dangerous, expensive, unnecessary and undemocratic. Leaked minutes of Cabinet meetings had shown that the Government "regarded nuclear power as a weapon against trade union power."

Mr. Frank Chapple, General Secretary of the Electrical and Plumbing Trades Union, said the General Council accepted the motion but not the amendment. "The low energy strategy is a euphemism for reduced living standards," he said.

FILIPINOS: Mr. Michael Taylor, of the National Union of Public Employees, called on unions to support the plight of Filipino workers, now under threat of deportation by the Government.

NOTTINGHAM NEWS: Mr. Michael Bower, of the National Union of Journalists, called on Congress to support the Nottingham News, a co-operatively owned paper pro-

duced by former employees of the non-union publisher T. Bailey Forman.

PAPER: Mr. Bill Keys, General Secretary of the Society of Graphical and Allied Trades, said thousands of jobs are at risk in the paper and board industry. He moved an emergency motion on the crisis of the industry calling on the Government to introduce low energy tariffs, selective import controls on paper and timber, and to offset exchange rate differentials which made UK products uncompetitive.

Mr. Keys said the paper, printing and board industries employed 80,000 people directly and a further 120,000 people indirectly. It produced 8.3 per cent of the gross national product.

"Important penetration in this sector is having such an effect that the casualty list is looking like the Battle of the Somme in the 1914 war."

Giving the specific instance of the threatened Bowater plant at Ellesmere Port, which employs 1,540 workers, he said it had high productivity, high efficiency and good industrial relations. Yet it was now faced with closure as a result of the Government's monetary policies.

Mr. Peter Evans, of the Transport and General Workers' Union, said the news print industry had shrunk from an output of 1.5m tonnes to 250,000 tonnes in the past 10 years. He urged newspaper proprietors to buy British newsprint. If they allowed the British industry to be destroyed, they would find that the foreign producers would raise their prices.

CONSETT: Mr. Ken Sessford, of the Iron and Steel Trades Confederation, and a worker at the Consett Steel plant which will be closed tomorrow, won a standing ovation for an emotional speech.

He said the workers there

had been assured two years ago that if they raised productivity the plant could be saved. They had, and it had not. "Thatcher and Joseph should be turned into pillars of salt for the bitter and inhuman way they have destroyed the lives of decent people," he said.

Textiles: One job was lost in the clothing industry every minute, Mr. David Lambert, general secretary of the National Union of Hosiery and



Mr. Arthur Simpson: a "Buy British" plea.

Knitwear Workers, told delegates.

The conference unanimously carried a motion deploring the decline of the industry and calling on regulation of trade, low-interest loans to the textile companies, a reduction of VAT on clothing, and the introduction of a "Buy British" policy.

Mr. Lambert said the industry had fulfilled Sir Keith Joseph's criteria for success—it was competitive, paid low wages, had good industrial relations, and invested well—yet still it declined.

"Why should we lose 10,000 jobs to create 10 more millionaires in Hong Kong?" he asked.

Mr. Joe Quinn, of the Amal-

gamated Textile Workers' Union, called for an imposition of import controls on a selective basis.

TRANSPORT: Mr. Tom Jenkins, General Secretary of the Transport and Salaried Staffs' Association, called for rationalisation without compensation of those parts of the nationalised industries into which the Government had introduced private capital.

He said that the Transport Bill to be introduced in the next Parliament would bring further privatisation into the British Transport Docks Board. British Rail needed a further injection of capital, but it had to be secure public capital, not private money.

Mr. Jenkins introduced a composite motion on transport policy calling for a "significant increase in real terms in investment in public transport," including the construction of a Channel tunnel.

Mr. Ray Buckton, General Secretary of the Association of Locomotive Engineers and Firemen, said that only action could make the Government change course.

He urged the travelling public to stage a transport strike in order to force the Government to provide adequate travelling facilities to and from work.

Mr. Eric Nevin, general secretary of the Merchant Navy and Airline Officers' Association, said the rail-only Channel tunnel was "irrelevant to the needs of the British people," a point underlined by Mr. Larry Smith, of the Transport and General Workers' Union.

UK FLEET: Mr. Nevin ended the industrial debate by moving a motion, endorsed by congress, regretting the decline of the UK fleet by 26 per cent over the last six years.

The Merchant Navy was "on its way down," and the Government was doing nothing about it. Productivity had risen by 17 per cent since 1974.

Mr. Jim Slater, general secretary of the National Union of Seamen, strongly criticised those ships flying the flag of convenience saying that they were "rat-infested, cramped and filthy."



Mr. Ken Sessford: a standing ovation after speaking on the closure of Consett steel plant.

Baroness Jeger supports a new social contract

BARONESS LENA JEGER, Labour Party chairman, echoed the call for a new social contract between Labour and the trade unions—voiced by Mr. James Callaghan, the party leader to the TUC this week, when she stressed the "increasing closeness" between the two.

While no mention of Mr. Callaghan's initiative was made in the speech, which was to have been delivered on Monday, the day before Mr. Callaghan's address, Baroness Jeger stressed the need for a maintenance of the relationship between Labour's political and industrial wings.

In the fraternal address to congress from the Labour Party, she said that much time and thought had been given to working out alternative economic policies following the disastrous "general election result of last year."

She thanked all trade unionists who had helped Labour's electoral cause and hoped "for the repentance of any misguided workers who contributed to the temporary victory of the most disastrous Government this century."

Whatever agreement between Labour and the unions broke down, and the two sides fell apart, the progress of working people and the prosperity of the country was set back. "Our marriage has its crises and quarrels, but it is indissoluble. For us no divorce is possible, and we must, therefore, concentrate on fulfilment, and if necessary enjoy our creative tensions."

The British people would never forgive Labour and the unions if they wasted the opportunity to work out together the policies which could save the country from economic disaster

Nuclear defence policy is opposed

UNILATERALISTS and their opponents in the nuclear arms issue were deftly welded together by speakers on the peace and disarmament debate.

A composite motion demanding an immediate cut in arms expenditure and a declaration by TUC leaders of opposition to any defence policy based on nuclear armory, was carried overwhelmingly.

But not before, under protest from Mr. Terry Parry, chairman of the TUC, Mr. Bill Keys, General Secretary of the Society of Graphical and Allied Trades, declared opposition to the motion on the grounds that it did not go far enough and because he wanted to propose a unilateral path.

"I want to declare my opposition," said Mr. Keys as he marched to the platform. "I doubt if you have got opposition," said Mr. Parry. "Oh, yes I have," said Mr. Keys, referring to his own delegation.

Moving the motion, which called on the TUC to take a new initiative to impress on trade unionists and the public the need to abolish nuclear weapons, Mr. Larry Smith, of the Transport and General Workers' Union, said the fact that nuclear weapons existed, and that mass murder could be triggered off, was enough reason to get rid of them.

There was an urgent need, he said, to unite the trade union movement on the issue. To applause, he insisted that the next Labour government must give an "absolute commitment" to cancellation of the Trident missiles, and he deplored the decision of the present Government to purchase them at a cost of £500m.

Mr. Joe Gormley, of the National Union of Mineworkers, which is organising an international conference of mine-workers on peace and disarmament, seconded the motion. He said it was becoming increasingly important for trade unions to act together.

"I believe the union should be willing to give a lead to convince the people of the world that only peace can guarantee the future of mankind," he said.

Mr. Jack Mallock, of the National Union of Hosiery and Knitwear Workers, said he wanted to draw attention to the unemployed bomb which was "the mushroom of unemployment." This came at a time when resources were being poured into nuclear arms while the health service, education and manufacturing industries were suffering.

Today's agenda

TODAY'S agenda includes: National Health Service finance; prevention of ill health; disabled people; economic motions; political motions; votes of thanks; conclusion.

Press 'does not reflect reality of labour life'

THE TUC suggested the drawing up of a code for the media and the reporting of industrial relations to provide guidance for editors and journalists and an objective standard against which the reporting of industrial affairs could be judged.

The proposal for a code, which the TUC suggests could be drawn up by the Press Council, was one of the suggestions put forward by the TUC in a discussion document on the media published at congress yesterday.

This document, Behind the Headlines, is seen by the TUC as an attempt to promote a serious national debate on the media's role. The TUC charges the media with failing to grasp the opportunity offered by a free society properly to inform the level of public awareness and debate.

The booklet says that the overall impression of industrial relations gained from the media does not reflect the reality of industrial life. Instead, there is an over-emphasis on the effects of disputes, a trivialisation and personalisation of issues and a perpetuation of

myths. Three national newspapers—the Daily Mail, Daily Express and The Sun are singled out by the TUC as the most prevalent sources of opinion hostile to trade unions, though it says that all these papers have contained features favourable to the union movement.

The document suggests that political comment, prejudice and news seem inextricably linked in most of the media. "The majority of national newspapers are traditionally supporters of the Conservative Party and this colours and distorts their news reporting."

It acknowledges, though, that some national newspapers do report political and industrial relations matters in a serious and responsible way. It claims news reporting by a BBC and independent television and radio companies is "of a far higher standard than that of most of the Press."

It also includes a checklist for action, including the, to some, surprising suggestion that journalists should not use deception, "except where this can be justified by over-riding consideration of public interest."

Publication of the document

was timed to coincide with yesterday's TUC debate on the media, which approved a motion proposed by the National Union of Journalists sharply criticising anti-union media bias and in particular the "hysterical coverage" of the TUC Day of Action on May 14.

Mr. Aidan White, for the NUJ, contrasted the attitudes lying behind recent coverage of the strikes in Poland with that of the Day of Action. He warned that journalists and print workers might have to take direct action to impose decent journalistic standards on "recalcitrant" employers.

The point was taken up by Mr. Les Dixon, President of the print craftworkers' union, the National Graphical Association, who said that print unions' "limited" efforts during the Grunwick dispute and miners' strikes of the 1970s had brought about empty columns in protest at some newspaper proprietors' "vicious" attack on other TUC unions.

Mr. Owen O'Brien, General Secretary of the print union NATSOPA, urged unions to refuse to give interviews to "hostile" journalists.

Council suffers surprise defeat over motion on Czech dissidents

THE GENERAL Council suffered a surprise defeat when delegates, on a card vote, supported by a majority of more than 2,500,000, a motion calling on the council to campaign for the release of the Czechoslovakian Charter 77 dissidents.

The motion, sponsored by the Electrical and Plumbing Trades Union, said: "The conviction of these men and harassment of their families is an affront to human dignity."

The debate provoked a savage attack on the EPTU by Mr. Robert Gillespie, of the Society of Graphical and Allied Trades, who opposed the motion.

He said it was "the height of hypocrisy for the movers of this motion who don't have democracy in their own union to use the motion for propaganda. Somebody has to say it and we are saying it."

Mr. Terry Parry, TUC president, said: "I don't think anyone is entitled to come up here and pillory another organisation."

Mr. Len Murray, TUC general secretary, said the motion would dilute the TUC's effectiveness in extending help specifically to trade unionist victims of human oppression.

Mr. Bill Blair, of the EPTU, said that Charter 77 was formed by courageous Czechs to act as a forum for dissenting voices. It had protested against the suppression of workers and had

suffered continuous harassment and arrests.

Mr. John Billonin, of the Civil and Public Servants Association, said that 100 out of the original 1,242 signatories of Charter 77 had been arrested. He said the organisation needed congress support.

Mr. Brian Stanley, general secretary of the Post Office Engineering Union, said the general council was mistaken about opposing the motion as it was mistaken about going to Poland.

"It is principles which are at stake, it is the good name of this movement which is at stake," he said. Those who were fighting for socialism, democracy and freedom in this country should support those fighting for socialism, democracy and freedom elsewhere.

Mr. Murray said: "We have tried to draw the terribly difficult line between issues of human rights and those where we have some competence. Unless we keep the distinction clear we shall be, at it every week, every day almost—and what impact we can have on trade union issues will be lost."

Among those voting for the motion were the Amalgamated Union of Engineering Workers, the Electrical and Plumbing Trades Union, the Association of Professional Executive and Clerical Staffs, the Civil and Public Servants Association and

the National Graphical Association.

The international section of the TUC session yesterday was introduced by Mr. Tom Jackson, chairman of the TUC international committee. He sought to put the record straight on the TUC's stand on Poland.

Governments were brought to account by the TUC regardless of their political complex, and the TUC record showed this. Pressure was brought to bear on Poland to change its rigid trade union legislation months ago, he said.

"Let it also be known that we stand for independent trade unionism, independent of employers, independent of political parties and independent of the State."

We salute the struggle of those in Poland for independent trade unionism and we will be watching closely to see the agreement implemented in full, he said.

On the issue of arms expenditure, Mr. Jackson said the arms race was presently diverting \$450bn a year which could be used to meet the basic needs of working people—and their families.

"As in all other fields, our Government has set a deplorable example," he said. The General Council had made clear to the Government its opposition to spending £50n to replace Polaris.

OTHER LABOUR NEWS

Companies 'desperate to prevent cutbacks'

By Nick Garnett

MR. KEN GILL, General Secretary of TASS, the white collar section of the Amalgamated Union of Engineering Workers, said yesterday that a number of major companies had approached the union informally to see what assistance it could give them in trying to achieve some relaxation of the Government's economic policies.

This was a reflection of desperate attempts by management to prevent cutbacks in production and their workforce, he said.

Mr. Gill was introducing a booklet Save British Industry, produced by TASS as part of the TUC's campaign for an alternative economic strategy. The 44-page booklet is being distributed to MPs, trades unionists and to the Prime Minister and Sir Keith Joseph, Industry Secretary.

The foreword says the reluctance to invest and modernise domestic industry has been one of the major causes of Britain's economic and industrial decline, and the present Government's policies have reinforced this trend.

Among other points, the booklet calls for economic expansion based on the reversal of expenditure cuts; a reduction in defence spending; import controls; planning agreements; greater control of the financial sector; increased social and economic equality; and greater shop-floor democracy.

"There are many employers who remain silent out of loyalty to the Government that they bought and paid for," the union said yesterday.

"They are beginning to panic as their companies fold before their eyes."

Philip Bassett writes: The Government's attacks on Social Security benefits were undermining the 80-year-old principle of National Insurance, Britain's largest union, the Transport and General Workers', said yesterday.

Launching a booklet designed as an explanatory guide to the Government's proposals for the union's 2m members, Mr. Moss Evans, TGWU General Secretary, said at the TUC that instead of honouring its obligations to National Insurance contributors, the Government was treating claimants as if they were the recipients of the Government's charitable generosity.

Declaring the trade union movement's total opposition to these "spiteful and vindictive" cuts, which the TGWU estimated would save the Government about £800m in a full year at the same time as it was spending £5,000m on Trident nuclear missiles.

CBI will be asked to emphasise plight of paper industry

By Nick Garnett, Labour Staff

MR. LEN MURRAY, the TUC general secretary, told the action committee from Bowater's Ellesmere Port plant yesterday that the TUC would be asking the CBI to ask the government to provide assistance to the country's paper industry.

After meeting the action committee, which travelled to the TUC conference in Brighton, Mr. Murray said the decision to close the plant with the loss of 1,500 jobs from the end of next month "is yet another example of the pressures being experienced by very many British companies at the present time."

"They are trapped by a combination of cheap, often subsidised imports, high interest rates, high fuel costs and high inflation."

"And they are receiving no

help from the government, which continues to apply dogmatic economic policies and turns a deaf ear to desperate requests for assistance."

The TUC delegates yesterday passed a motion from the Society of Graphical and Allied Trades, calling on the government to introduce tariffs, provide assistance to offset exchange rate differences, and impose selective import controls.

The British Paper and Board Industry Federation has asked in a joint letter with SOGAT for a meeting with the Prime Minister.

They have already asked her if she would be willing to provide temporary exchange rate and energy cost assistance for the industry.

Vauxhall's 8% offer turned down at Ellesmere

By Gareth Griffiths

VAUXHALL MOTOR'S 8 per cent offer to its 23,000 hourly paid workers was rejected overwhelmingly yesterday by a mass meeting at the company's Ellesmere Port employees.

The meeting of Transport and General Workers' Union members at the plant was the first of a series of mass meetings at Ellesmere Port, Luton and Dunstable to vote on the offer. Vauxhall has told the unions that money is "just not available."

The union demanded an increase understood to be just under 15 per cent.

Yesterday's meeting of the TGWU, which has 3,000 members at Ellesmere Port, was not well attended. Ellesmere Port

has started a week-on week-off rota this month because of lack of work. Luton is on a two-day week.

The Vauxhall offer increases the top craft rate by 20p an hour, and the bottom labourer's rate by 15p an hour. It abolishes the present lower entry rate and would take the present top-craft rate from £99.20 to £107.20 a week. The bottom labourer's rate would increase from £77.80 to £84 a week.

An extra two and a-half days' holiday would also be included in the package, although the extra entitlement would be for one year only.

Threat of television black-out recedes

By Our Labour Staff

ADMINISTRATIVE and technical staff employed by the Independent Broadcasting Authority are likely to accept a 15 per cent pay offer within the next two weeks.

The acceptance will almost certainly lift the threat of independent broadcasting being blacked out. The static engineers employed by the IBA at its transmitter stations have been unhappy about their pay relative to the independent television companies, but union officials now believe they will accept the offer.

About 1,500 members of the Association of Broadcasting Staffs are covered by the deal, which allows for a 15 per cent increase on basic pay, backdated to July 1. The working week would be reduced from 40 hours to 38 hours for manual workers and administrative staff, with the possibility of further reductions for both categories.

The Inner London weighting allowance would be increased from £700 to £800 a year, and the outer London allowance from £450 to £600 a year.

The IBA has indicated the offer is its final one, and the ABS is currently polling union branches. Voting so far appears to be in favour of acceptance.

Union officials from the Hotpoint factory at Peterborough are to meet the company's management on Monday to discuss the programme of cutbacks and new work practices, including a controversial no smoking rule.

Mr. Chaim Schreiber, Hotpoint's managing director, yesterday met local management to discuss the company's problems. He had originally intended to meet shop stewards but the meeting has been postponed until Monday.

Platform men reject ultimatum

By Ray Ferman, Scottish Correspondent

WORKERS at Ayrshire Marine Constructors yesterday rejected an ultimatum from the company to return to work or risk having the oil platform they have been building for a year towed away to be completed elsewhere.

The 900 men, meeting at Irvine, close to the company's yard at Hunterston on the Lower Clyde, walked out last Thursday after a row over safety.

The yard is managed by Chicago Bridge International, which is a partner in Ayrshire

Marine with the Glasgow-based Weir group. It is building a steel jacket for Phillips Petroleum's Maureen Field.

A statement by the management to workers said that Phillips Petroleum had threatened to transfer the project elsewhere unless industrial relations improved.

After the meeting, shop stewards said the strike would continue until the management withdrew the ultimatum. They would also talk to other unions

in the oil industry through the inter-union offshore liaison committee.

Ayrshire Marine and Phillips both declined to comment. In a report on the oil platform construction industry yesterday, it was said that the British National Oil Corporation had taken work from the Redpath de Groot Caledonian yard at Methil, Fife. This was the result of factors outside the yard's control and did not reflect on its performance.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

ELECTRICAL COMPONENTS

Switching over to robots

THE UK's leading electrical wiring accessories manufacturer is automating its factories in a programme which will cost more than £2m over the next few years.

The company, MK Electric (01-803 3355), has already ordered its first machines, which are being custom built in Stuttgart by a specialist German manufacturer. The new switches will be supplied to customers in the UK and the Japanese.

Mr. Michael Dowsett, managing director of MK Electric, said this week that the machines were dedicated robots, MK and its German partner were collaborating in the design and implementation. The contract contained special clauses forbidding the German firm from selling its new expertise to MK's competitors.

Mr. Dowsett, formerly a production director at MK, said he had been investigating the level of automation in other light electrical companies and he believed MK was at least as advanced as any in the world.

It had established a special team, eight strong, to monitor developments in automation and guide the introduction of appropriate technologies to the MK production line.

The first robot, which will cost MK around £600,000 will automatically assemble double gain switches and should be commissioned in mid-1981.

Mr. Dowsett thought it unlikely the factory would ever become fully automated ("the factory of the future") because of the small production runs necessary for some of the 145 or so different products MK makes. He denied it would promote unemployment: "Automation will mean we can make more with the same labour force."

The firm is basically a manufacturer of plugs and sockets, cooker control units and switches, although it has diversified through acquisition into conduits and mouldings.

With a turnover last year of £65.6m, MK is dominant in the British Standards market at home and abroad. The recession has hit it hard. It reckons to have lost at least £3m in sales due to wholesalers running down their stocks, and its factories have only just been released from four day working imposed at the turn of the year. It has trimmed its staff by 10 per cent through natural wastage.

It has now doubled its investment in research and development from 1.5 per cent of turnover to 3 per cent and is well down the line with a research programme to develop alternatives to conventional electro-mechanical switches.

According to Mr. Dowsett, the first products from this research programme will be seen within 12 months. The new switches will have novel features made possible by the addition of intelligent microelectronics.

Mr. Dowsett saw no end to the demand for conventional switches in the foreseeable future on grounds of cost and complexity. "Devices to handle 13 amps and 240 volts must be built rather differently to micro-processors with day current and voltage requirements," he said.

Pre-tax profit last year was £7.15m, a drop of £1.9m on the previous year. Automation is a major part of the attempt to reverse the trend: "It is the only way to make the cost of manufacture more competitive," Mr. Dowsett said.

IN THE OFFICE

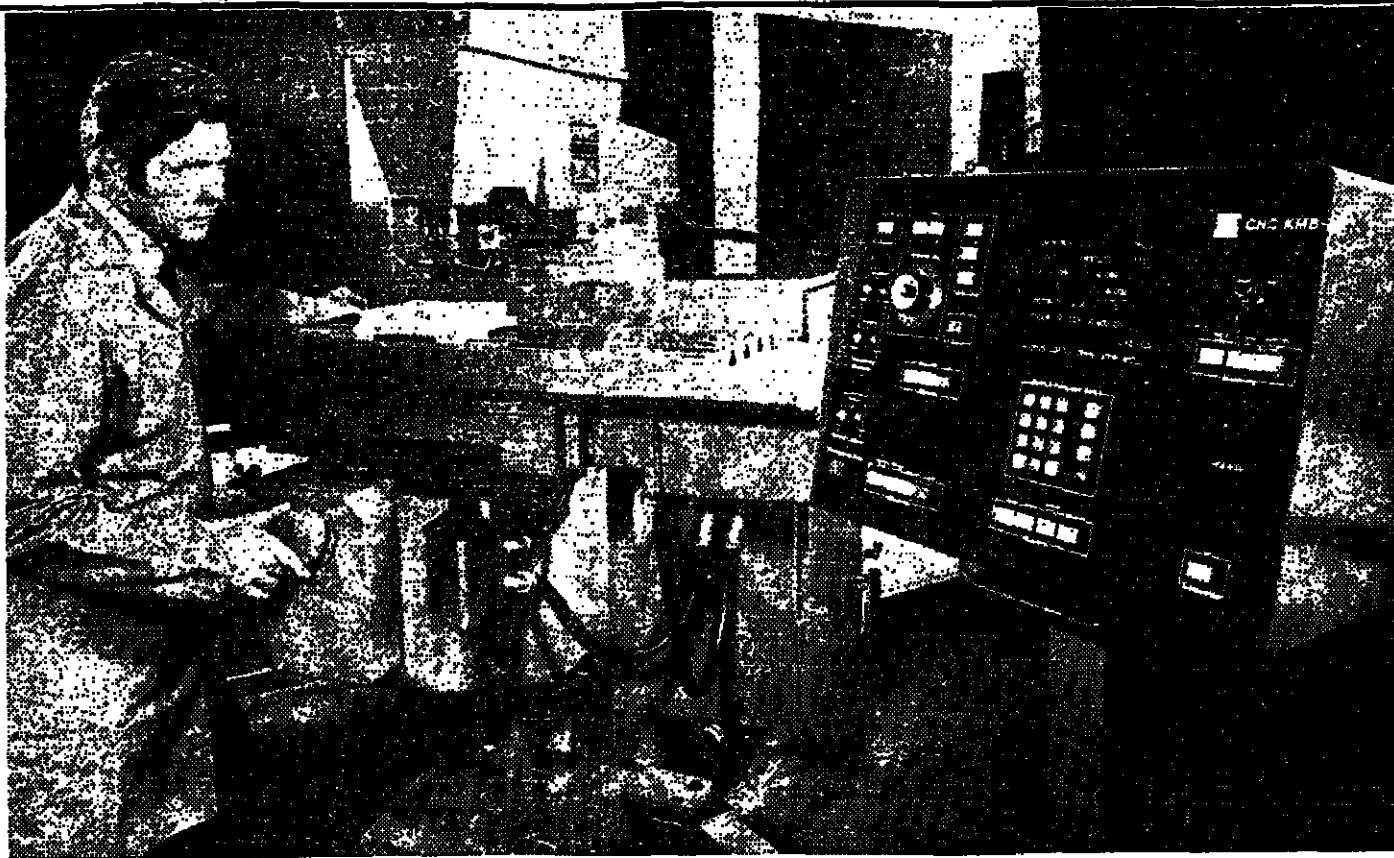
Plain paper copier

A FORTNIGHT after a similar announcement from Kalle Infotec, Nashua has announced that it also is marketing a small plain paper copier, the 1205, virtually identical to Kalle's 8012. Both machines are made by Ricoh in Japan.

Designed either for the small business or where inexpensive decentralised copying is required, these machines utilise fibre optics combined with a miniaturised version of the liquid toner transfer system. Dimensions given by Nashua are 18 x 18 x 13 and the unit produces its first copy in seven seconds and subsequent copies at 12 min.

Facilities include a single paper tray to hold paper sizes between A5 and 14 x 8 1/2 inches, automatic shut off one minute after the last copy has been made, cartridge-contained toner, particularly good blue response, adjustable exposure control and a touch tone keyboard with digital read-out to keep track of the copies made.

Nashua Copiers is at Cory House, Brighthelm, Berkshire RG12 1ET (0344-54391).



This milling machine with a positioning accuracy claimed to be within 0.001 inch by U.S. manufacturer Hurco Manufacturing Company, Inc., has been introduced to the UK by sales and service agent, Toolmaster Controls of Woodley, Reading, Berks. The machine has a conversational program-

ming facility which guides the operator through precise programming steps via a VDU, displaying short enquiries in the operator's language rather than machine codes. In this way he can instantly edit out any mistakes indicated by the data displayed.

DATA PROCESSING

Speeds booking of theatre seats

THOSE OF us who have grown impatient and foot-weary queuing for theatre seats at box offices or in ticket booking agencies are likely to welcome any application of electronic data-processing that helps to take the fatigue and frustration out of the search for live entertainment.

A ticket sales and reservation technique known as BOCSS — Box Office Computer System — introduced by Space-Time Systems, 10, Long Acre, London WC2 (01-240 5411) is claimed to place the full potential of a computer at the disposal of a theatre so that it can respond to each patron's needs for a seat or seats on a particular date or dates rapidly and efficiently.

There is also the prospect of any theatre using BOCSS linking directly with British Telecom's Prestel service, enabling tickets to be purchased instantly by private telephone and television set.

BOCSS is an on-line system accessible to more than one ticket sales outlet at any time. This, it is claimed, much enhances the marketing power of each outlet — box office, agency or retail store — and is much more effective than traditional sales methods using documentation that can be used by only one person at a time.

The theatre management is also provided with a selective direct-mail system and a comprehensive record of patrons' names, credit cards, and expiry dates. On-line enquiry is claimed to make the purchase of tickets by credit cards quicker and more secure.

Tickets are printed at the time of sale and only as they are required, and it is claimed that BOCSS tickets would normally cost only one-fifth as much as conventionally printed tickets.

The system is pre-programmed for each particular theatre's seating plan and for every performance, but by using the keyboard the box office staff can override the computer's offer. The definition of "best available seat" can also be varied to suit the nature of the performance or the type of auditorium. In theatre in the round, for example, opinions may vary widely as to the best seats available.

BOCSS software, developed on a Digital Equipment PDP 11/34 processor, will also run on the same maker's 11/23 and 11/44 models, offering a modular growth path to meet users' growing demands. BOCSS has been written in Fortran and uses the RSX operating system which is claimed to be especially for real-time applications.

Space-Time Systems sums the advantages claimed for BOCSS in that it can keep all the available seats on sale at all outlets until the moment the curtain goes up.

METALWORKING

Sucks up and sorts swarf

PROBLEMS OF swarf collection in machine shops can be overcome, it is claimed, by using a centralised pneumatic system devised by ScanMecan of Unit 5, Rassau Industrial Estate, Ebbw Vale, Gwent NP23 5SD.

The company's system consists of nozzles connected to flexible hoses that suck up swarf from work tables, fixtures or shop floors and carry it under vacuum through overhead or underground ducts to a silo, which can be situated up to 50 metres away.

Cutting oil is separated from the swarf by gravity and a cyclone effect which drains it through perforations in the silo to a special container. Larger quantities of oil can be automatically recycled direct to the supply tank.

The suction unit is switched on by a signal from one of the suction stations equipped with a hose and the power goes only to that station. To eliminate the problem of metals being mixed together, the system has an automatic clearing valve which sucks the transport pipe clear before responding to a signal from another suction station collecting a different metal. Each metal is sucked direct from the work surface into separate silos and finally discharged into separate skips.

This disposal system can be supplied with 2-inch or 3-inch diameter hoses and up to 50 suction stations can be provided from one pump unit according to the nature of the material being collected.

Items of swarf of a size and weight equivalent to a half-inch steel nut at a rate of 20 tons an hour can be handled.

It is stated that an average system would cost between £10,000 and £12,000. A demonstration unit has been installed at ScanMecan's factory in Ebbw Vale, South Wales where tests can be made. Details will be given by the company on 0495 305509.

CONSULT THE FREE

Rippin

TECHNICAL ADVISORY SERVICE

DESIGN • FABRICATION • SHOTBLASTING • SECTION OF STRUCTURAL STEEL FRAMED BUILDINGS • RIPPIN LTD

Station Road, Auchtermuchty, Fife KY14 7DP
Telephone: Auchtermuchty (03372) 666

DISTRIBUTION

Cutting the costs

NEXT YEAR, companies that distribute their goods by road vehicles will have to take into consideration the fact that drivers' cabs will have to be fitted with tachographs, the devices which record the hours drivers spend at the wheel. Legislation on drivers' hours will mean a reduced working day with less time in which to deliver the goods.

International industrial consultants Knight Wegenstein of 18-14 Cornwall Terrace, Regents Park London NW1 (01-486 7711) takes the view that if the two factors of reduced hours and the introduction of the tachograph are looked at as opportunities rather than problems then some advantages might become apparent.

Instead of spending money on extra vehicles and drivers it would be better to spend a smaller amount on improving the productivity of the existing fleet and its drivers, say the consultants. They add that the requirements of the new legislation should be the spur for a review of the distribution function and it is expanding its advisory services to cover this area of industrial activity.

Knight Wegenstein says it might be necessary to look at the whole chain of activity from order processing to finished goods handling and storage and even to the choice of site for warehouse, but it would be well worth it in the long run.

ELECTRONICS

Micro takes control

ONCE AGAIN, the micro-processor has been deployed to give convenience and versatility in an electrical machine systems controller from RTD Swan. The unit is able to provide controlled load sharing and duty selection for up to eight generating sets (or motors).

The controller should be particularly useful where, for example, there is a need for priority peak loading or load sharing, for control of multi-station heating and ventilating plant, freezer plants or in pump control applications.

Flexibility for the various applications is obtained by a selection of plug-in modules working to a digital data bus: the modules can be chosen to give, say, different control/indication facilities without interfering with the actions of any other module.

Data about the condition of the machines is fed into the controller over lines and can be seen on the display; the operator is able, by means of thumb-wheel controls, to select any of the eight machines for duty or standby.

More from the company at Swan Close Road, Banbury, Oxon (0295 3494).

Chips put to work

A SYSTEMS service for industrial applications of the micro-processor has been introduced by Base Ten Systems, 12 Elmwood Road, Farnborough, Hants (0253 517665).

Under the name Micro-Design, it is claimed to provide expert assistance and advice in the design and construction of microprocessor-based systems installed in place of manual or electromechanical control systems. Particular software packages designed to meet each customer's needs are provided as an essential part of the service.

Mail order is growing through the roof!

We can help you make money in a booming business.

Forty years ago, mail order in the UK accounted for only £10 million turnover per year. By 1977 this had grown to £1,085 million — and in 1979 it reached £2,165 million.

A phenomenal growth — and a real growth. This is not just inflation. Over the last decade alone mail order has increased its share of total retail sales by more than 30%.

Whilst no sector is immune from the current economic climate, the prospects for companies considering expansion into the mail order field are still good. To help them we've commissioned a free booklet: "Entering the Mail Order Market" by an independent expert.

This booklet analyses the main points to be considered: current trends in mail order — the importance of credit facilities — which products are most suitable and why — how to initiate a mail order service — the correct use of advertising and direct mail, including choice of media — the building of customers lists — measurement of response, and, just as important, when mail order is unlikely to pay. For your copy, just tick the box in the coupon.

The Royal Mail plays an essential part in most mail order operations. We deliver goods to private addresses every weekday including Saturday — we can collect the customer's money — check that delivery has been made — arrange for the return of 'on approval' goods... Indeed we have services tailor-made for most Mail Order problems.

Our experts — there is a marketing team in each region — are waiting to help you make the most of the booming mail order business.

All you need do is send the coupon — NOW. Or dial your operator and ask for FREEFONE 2325.

To: Jackie Willbourne, FREEPOST *Room 434, Postal Headquarters, St. Martin's-le-Grand, LONDON EC1B 1HQ *You don't need a stamp.

Please send me a free copy of 'Entering the Mail Order Market' ☐

Please ask one of your marketing team to contact me ☐

Please send me more information about Royal Mail parcel services ☐

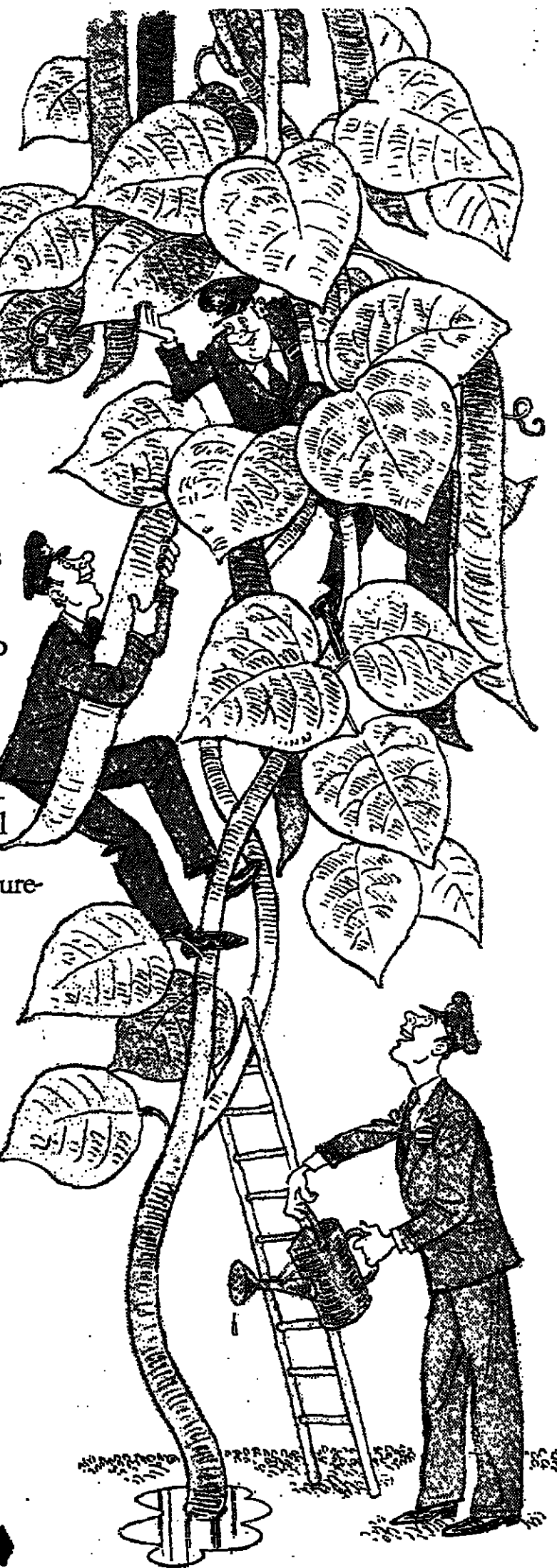
Name _____ Position _____

Company _____

Address _____

Postcode _____ Tel. No. _____

D/FT/1/9



Royal Mail Parcels
We mean business

We announce with profound sorrow
the sudden death of
our esteemed colleague and friend

E. F. Cole

on Friday, 29th August, 1980.

Shearson Loeb Rhoades Inc.,
16 Moorfields Highwalk,
London.

Rum flavoured Wine dipped A fresh new taste!

OLD PORT RRP per Pack of 5
Tipped £1.15
Cigarillos £1.15
Straights £2.80

also available:
WHITE OWL CIGARS
Tipped £1.15
Slim N Mild £2.80

Ask for them at your tobacconist.



THE MANAGEMENT PAGE

Chipping away at your energy bill

Arnold Kransdorff describes how some companies are using microprocessors to cut fuel costs

IT IS perhaps fortuitous that the urgent need for energy conservation has coincided with the growing impact of micro-electronics. Many of Britain's major companies think that a judicious marriage between the two can be a profitable exercise.

Microprocessors, which can be used to monitor automatically functions such as temperature, pressure and vibration, can provide "significant" cost savings, they say. Indeed, several large companies recently presented case histories to a conference on "Energy saving with microprocessors" organised by the British Institute of Management in conjunction with the British Management Data Foundation.

ICI, for example, which is using a microprocessor system at its huge chemical plant at Wilton on Teesside, claims it was able to get a return on its investment—just £22,000—less than two weeks, and that the annual saving is more than £240,000. The plant, one of its highest energy-using installations, consumes £8m of services a year, mainly for the production of steam.

Rolls-Royce also is installing a system, which costs about £50,000, to automate control of energy usage at its Bristol fac-

ories. It generally aims for a 12-month payback on its investment.

While urging an element of caution towards the subject of the papermaking giant Reed International estimates that the use of microprocessor units has resulted in savings of between 12 per cent and 25 per cent. On a lesser scale, a small market gardener has managed to recoup his £3,000 investment in 12 months.

Substantial savings

At ICI's Wilton plant, microprocessors have only been used in recent years but their application has to be seen in the context of the company's overall energy saving strategy.

The programme began in 1974 when, says ICI, it was thought that everything was being done to prevent losses, and that no substantial savings could be made.

The task was to persuade workers that accountability for energy consumption is as important as accountability for money or material.

The first move was to use graphical systems to display profits or losses against standards by individual shifts at three major plants. Day

management exerted pressure to ensure that action was taken when losses occurred; within four months, says ICI, each section was making profits and the plant as a whole was "significantly" in profit at the year end on steam alone.

To handle the large amount of data involved in monitoring all the major services use was made of a special computer terminal, a system that has been progressively extended. This monitoring system enabled at least £150,000 to be trimmed off the budget for services in three successive annual reviews, claims ICI.

The next stage was to install a microprocessor for the on-line monitoring. Because of cost considerations it was decided to use a local plant-based system as opposed to a centrally-based system.

In simple terms the microprocessor reads the outputs of up to 64 instruments and converts them to engineering units such as degrees or tonnes per hour.

Plant operators were trained in the significance of the various displays, logs and summaries which the microprocessor can provide. Using the information in relation to their knowledge they can restore economical performance and learn to avoid circumstances which increase energy usage, says ICI.

Purely as a result of the interest focussed on steam usage, consumption lessened to the extent of about £20,000 per month, it adds.

For Rolls-Royce, the importance of energy conservation is equally critical although energy usage is not as high as at Wilton. At the Bristol factories, which are involved in aero engine design and assembly and component manufacturing, there are 360 buildings comprising 3.4m sq ft. Excluding fuel testing the complex consumes around 11m of energy a year.

Following the energy crisis of 1973 the company concentrated its efforts on mainly individual projects, some requiring considerable capital investment but many perfectly straightforward. This included the conversion of main boilers to dual fuel burners, the conversion of outlying boilerhouses to steam/water calorifiers and the centralisation of boilers.

Up to 1975 the record was impressive "but then people began to relax and it took this last crisis to sharpen us up," says Rolls-Royce. "We needed a new method of energy control to bring down our consumption not only to the 1974-75 figures, which we knew was possible, but to below these figures. The need was for a system with a finer degree of automatic control than we currently had."

The company's management was already using microprocessors extensively in other fields, so the choice of a so-called Intelligent Outstation system was a natural progression, says Rolls-Royce.

The system can be programmed to report selected signals to a central console. The "outstations," which are strategically placed throughout the plant, are connected to sensing devices and control equipment which monitor performance against pre-set parameters.

Vibration control

Signals are only passed to the central console when a change occurs outside the established limits or when the console itself demands a response.

Among the many parameters that can be measured and controlled by microprocessors are temperature, vibration, contamination, corrosion, gas leakage and sound.

Rolls-Royce says: "Properly used the microprocessor system will allow for a far greater degree of control and will open up for us many possibilities for the future."

"We are only just beginning to understand the many ways in

which it can be used to improve our overall efficiency and while we are looking for a 12-months' payback on our investment, as energy costs continue to rise we will gain more and more benefit from the installation."

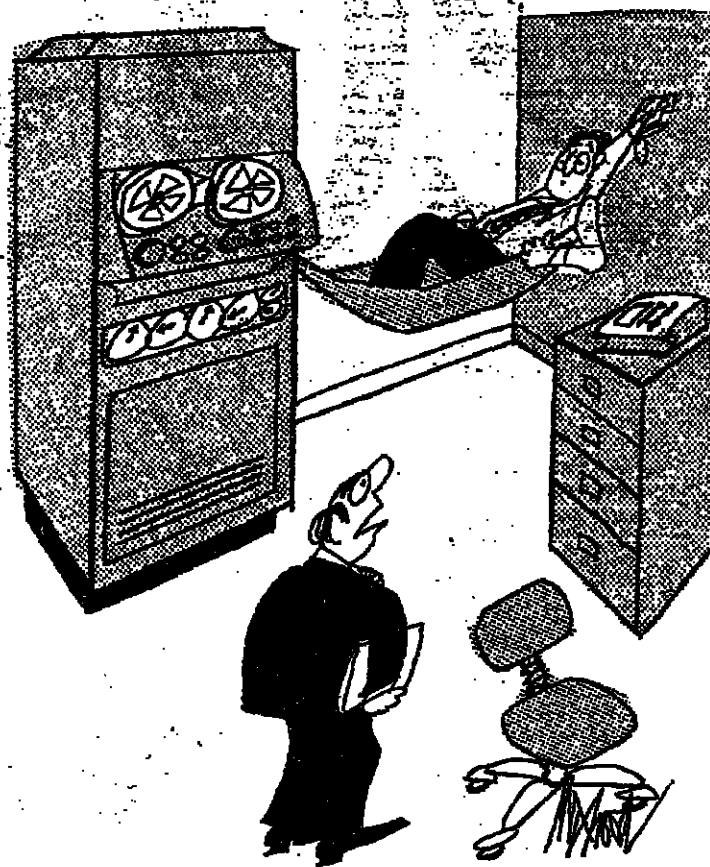
Reed International is using microprocessors mainly to correct variables on paper machines, for boiler plant loading and quality control.

"It is surprising how many variables previously considered unimportant begin to appear to have a measurable effect on energy usage and hence energy conservation," says Reed.

"For instance, market levels can affect product capacity ratios, which in turn can have an important effect on energy utilisation per unit of product. Likewise investment changes in raw materials, labour levels, safety and environmental legislation can all have an impact on energy usage."

"Attitudes of government, management, unions and operatives can also play an important role in the way the microprocessor is accepted and can be applied. Not all the variables affecting energy utilisation are controllable."

Reed warns, however, that before anyone begins to consider the applications of microprocessors, consideration should be given to the state of the



"When we installed that microprocessor, Smith, we had a different kind of energy saving programme in mind!"

plant. Design and efficiency should be of a high level at the start: "a wrong application of the microprocessor could condemn it for at least the life of the particular management who made the decision to proceed."

Taking this into account the company believes that long-term microprocessors "have an important role to play towards improving the efficiency of energy usage, and the supply of energy information for management decision making."

In the case of the small market gardener, the problem was to reduce heating costs while maintaining throughput and quality. There were a number of small greenhouses each having around 1 acre of glass; a considerable amount of money was being spent on providing an agreeable temperature in which to grow produce.

On occasions too much heat was being used. According to Texas Instruments, the manufacturer which supplied the equipment to solve the problem, the existing electro-mechanical control scheme "never envisaged the requirement for prediction or the flexibility to adjust the control to suit each individual crop."

The installation of a microprocessor permitted a reduction of one degree centigrade on the original greenhouse temperature, sufficient to gain the market gardener £1,000 per crop. The investment was recouped after three crops.

* Energy Saving with Microprocessors, British Management Data Foundation, 29, St James St., London SW1A 1HB, price £18.50 plus 80p p + p.

Banking on a tough philosophy

In the first of two articles on intra-Arab business, James Buxton highlights some key problems facing an American-educated Arab financier

THE ARAB oil states with surplus revenues see themselves as liquid but still fundamentally poor members of the developing world. If they are to justify this role, the appropriate place for them to invest their surplus wealth is not in the western industrial countries or in gold but in other developing countries—most obviously the poorer Arab states.

This was clearly recognised in the Arabian peninsula and the Gulf after the 1973-74 oil price explosion. One result was the formation in 1975 of The Arab Investment Company (TAIC), a concern with paid up capital of \$300m owned by 15 Arab governments and based in Riyadh, Saudi Arabia.

The oil states are constantly under pressure to give virtually free aid to the poorer Arab states, but TAIC insists on earning commercial returns from investment. In the past three years it has developed a tough philosophy: it believes it can best promote the development of the Arab world not by being a soft touch but by insisting on profitability and good management in the projects in which it takes a stake. As a result countries receiving investment may be forced to make mental adjustments and administrative reforms but TAIC believes that these will benefit them more than hand-outs.

This is the thinking of Mr. Abdul-Rahman al-Sai, a 43-

year-old American-educated Bahraini who came to TAIC after 10 years with Chase Manhattan Bank.

Mr. al-Sai is a man of trenchant views and for an Arab is unusually outspoken about his fellow Arabs. While supporting Arab nationalist ideals he believes that the Arab world is constrained by rigid adherence to traditional business and management methods; he is in no doubt of the superiority of American methods. In an article on Monday's Management Page he shows how traditionalism prevents many Arab commercial organisations from fulfilling the potential with which their capital endows them, and he explains how he applies western business methods to running TAIC.

Mr. al-Sai was brought into TAIC to restructure it after an initially rapid, but haphazard development, under its previous director general, Mr. Ibrahim al-Ibrahim, a Kuwaiti. During that period TAIC became heavily involved with the vast Kenana sugar project in Sudan, whose voracious appetite for more capital meant that it now accounts for more than

a quarter of TAIC's \$300m equity loan portfolio.

Because of the time spent sorting out TAIC's past commitments and the long gestation period for new ones, the company did not expand its equity portfolio in 1979, but it is now commencing several new projects.

However, Mr. al-Sai is due to leave TAIC in October, at his own wish, if a successor has been found by then. By temperament he is a banker rather than a politician and it may be that the attributes of the latter are essential in an Arab multi-state concern. Undoubtedly he has also been disappointed by the progress of intra-Arab investment, which generally has not really lived up to expectations—a view shared by the Kuwaitis, the biggest intra-Arab investors—and is less of a talking point today after the latest round of oil price rises than it was after 1973-74.

The trouble with intra-Arab investment, it has been said, is that the rich Arab countries don't need it, the socialist countries don't want it and the bankrupt countries can't use it. This is an excessive generalisation but of the main outlets for TAIC

operations—Morocco, Algeria, Tunisia, Egypt, Syria, Jordan, Sudan and North Yemen—most have socialist or dirigiste administrations.

The two countries in which investors from the Arabian peninsula most like operating are Jordan and Tunisia, with their reasonably efficient governments. TAIC and other Arab investors have found that while most of the other states theoretically welcome outside investment by drawing up enticing legal codes and making tax concessions, they often obstruct it in practice.

Fundamental opposition

In the socialist countries outside investors usually must not only go into partnership with government, but must use State organisations for many vital services, like transport, fuel supplies and even simple banking transactions. Very often these organisations are badly run and bypassed as much as possible by the local private sector. Within the State bureaucracies of which they form part, most staff have one of two

attitudes. Either they are fundamentally opposed to the concept of outside investment and the loss of State influence it is believed to entail, or they are simply not motivated or skilled enough to push things through speedily and efficiently, lacking either personal commitment or a profit motive. This has usually come as a shock to investors from the capitalist and often leanly administered Gulf States, notably Saudi Arabia, Kuwait and the United Arab Emirates.

Under Mr. al-Sai TAIC has waged a discreet war of attrition against the dogmatism and sloth of some Arab administrations. It insists on good feasibility studies, the application of strict economic criteria (though it may be prepared to settle for less than the maximum financial return) and opposition to corruption in the schemes in which it takes a stake.

Among its successes it points to the Asmet de Tamara cement project in Morocco, of which it owns 18 per cent, and the Ciment Amiante Tunisie, a Tunisian asbestos pipes venture, in which it has 33 per cent.

Even Kenana in Sudan, now producing its first sugar, can be regarded as a considerable logistical and technical achievement, and has taught some important lessons and demonstrated new management methods in Sudan. (If the improvement in the world sugar price continues, it should become profitable in due course.)

Mr. al-Sai says that not being tainted by colonialism, TAIC can "bring the discipline of development to the Arab world and thereby do it a service."

But he believes that in many Arab countries nothing less than a drastic reform of attitudes and administrative procedures is necessary. Otherwise "they will strangle themselves to death." Both Left- and Right-wing political systems in the Arab world are equally intellectually bankrupt in economic terms, he says, and their fundamentally patriarchal social systems are a bad breeding ground for the kind of management the Arab world badly needs.

Exactly how TAIC will develop after the departure of Mr. al-Sai depends to a considerable extent on who is chosen to succeed him. He will leave behind a strong portfolio of investment projects at different stages of development. But if it is to be effective TAIC will have to continue trying to avoid the institutional problems that so often dog multi-state Arab organisations.

BRITAIN LEADS AGAIN!

A 24 HOUR ROUND THE WORLD FINANCIAL NEWS SERVICE THAT UPDATES YOU EVERY WORKING DAY AT 9.00 AM

Your daily newspaper provides you with excellent news coverage—but it is yesterday's news! We can update you—informing you of all the key developments that took place in the U.S., the Middle East and the Far East while you slept. Nor do we stop there. In this ever more complex world our clients need analysis to put the news in context. Our analysts work through the night to interpret the news and to advise our clients of the importance for particular industries, the stock prices, for interest rates, for exchange rates. The result—analysis that is the most up to date in the world—and at our clients' disposal when needed.

The UPDATE service is available free of charge and without obligation for one week.

For further details contact:

INTERNATIONAL FINANCIAL SERVICES (UPDATE)

P.O. Box 58, Croydon CR9 5DE, England

Tel: (01) 680-0876 Telex: 8811919

Paperwork. Endless reports, letters, contracts and financial reports. All the jobs that everyone hates, and that usually go wrong.

The NBI System 3000 from Ventek Word Processing, automatically makes care of all the repetitive, tedious information processing that takes up so much time, and it performs many other jobs that an ordinary word processor cannot handle.

But System 3000 is no ordinary word processor. It is the most advanced system of its kind.

It was specifically designed for ease of use by any of your staff.

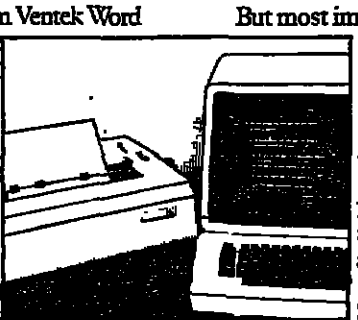
The NBI System 3000 is structured round a simple 'building block' approach. So you can start small and add facilities as you

grow—without changing any of the equipment, from a simple stand alone to a shared resource system. (That's why it has been described as the 'ultimate' system).

But most important of all, it is available from around £60 per week including maintenance—a cost that makes less capable systems look positively overpriced.

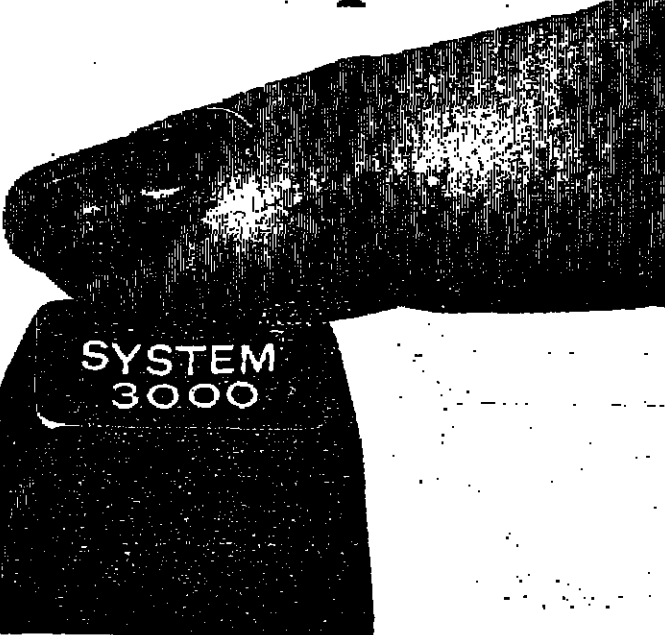
If you're starting in word processing, choose the system that will still be advanced in 20 years time.

The Word Perfect System 3000 from Ventek.

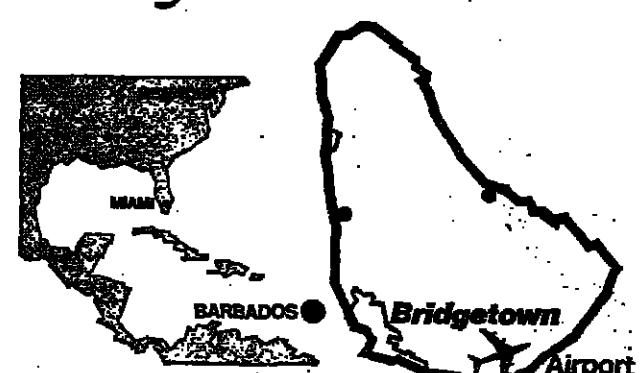


Ventek Ltd, Prommel House, 33/35 Savile Row, London W1X 1AG.
Telephone: 01-437 7866.

A simple solution to your most serious problems



Barbados. Where the sun shines on your business.



Barbados has a marvellous climate for your new manufacturing operation. It has a long history of political and economic stability plus a friendly and highly-productive labour force.

Barbados offers attractive tax incentives and simple procedures. Fully-serviced factory sites are immediately available and the island has an efficient infrastructure.

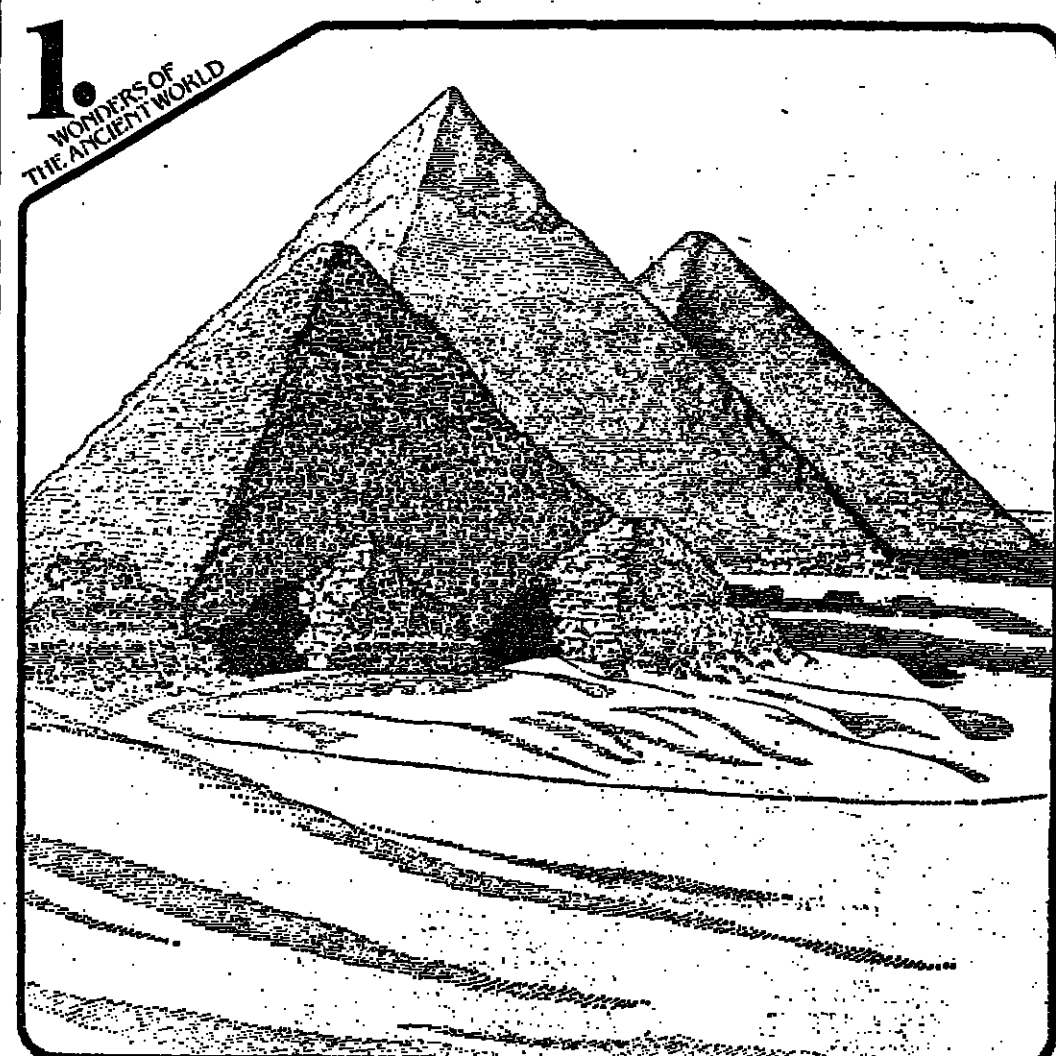
Let your profits grow in the sunshine. Barbados can make the difference.

For full details, please complete the coupon.

BARBADOS INDUSTRIAL DEVELOPMENT CORPORATION
117 Boulevard Louis Schmidt
1040 Brussels Belgium
Tel. 32/2/733.67.92 - Telex: 63826

Please send me the details.

Name: _____
Position: _____
Product: _____
Company: _____
Address: _____
Telephone No: _____



HISTORIC PROPERTIES BUT STILL IN GREAT SHAPE

We are in the market to buy property investments, preferably with early reversion, and sites with development potential anywhere in the UK. We will look at shops, commercial, industrial and residential propositions from £100,000 upwards.

We make quick decisions, so today's fixed assets could really be tomorrow's cash. Wouldn't that be wonderful?

LONDON CITY & WESTCLIFF PROPERTIES LTD
DEVELOPING FAST
DEVELOPING WELL

Company: A Ltd/Direct
PO Box 55, 11-13 Holborn Viaduct, London EC1P 1EL
Tel: 01-236 6241
A wholly owned subsidiary of Lend Lease Ltd

20's PRICES.

From £5,490.*

The surprising thing about the Renault 20 range is the price.

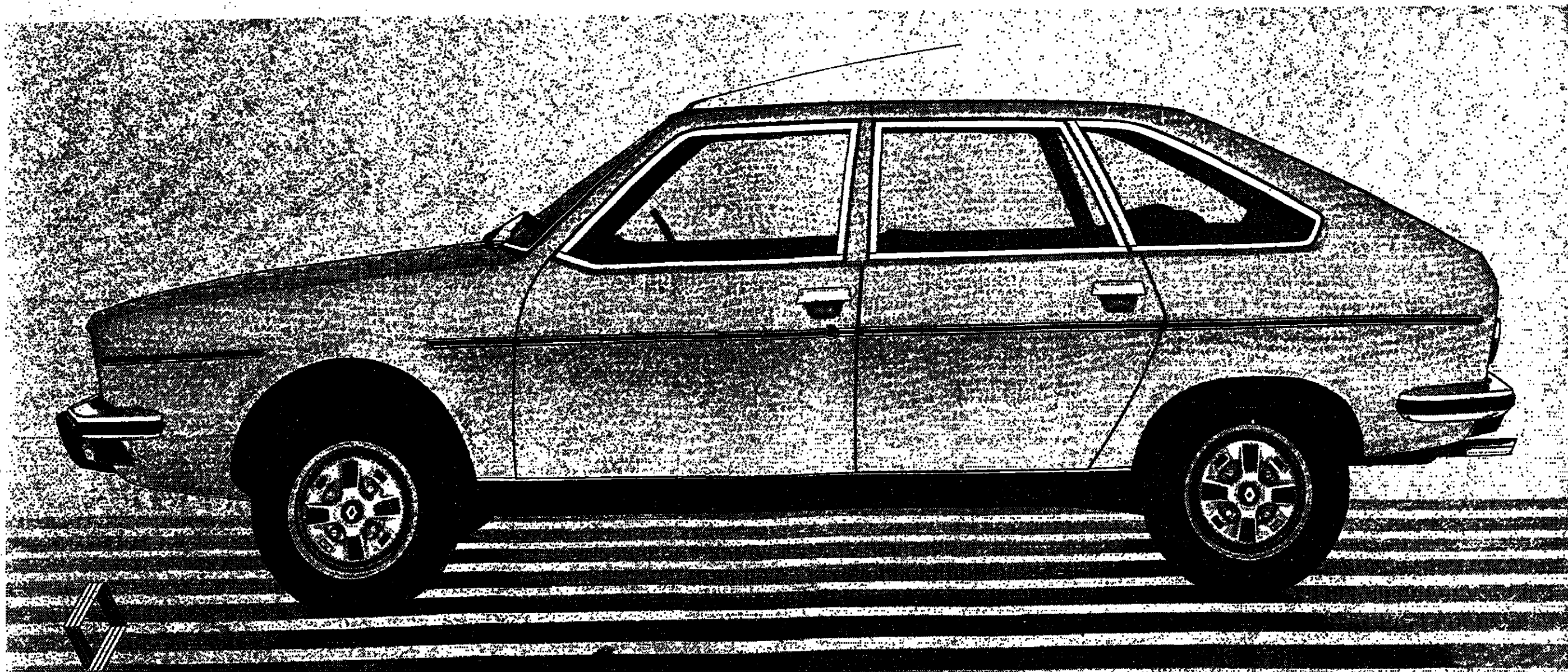
Although the three versions all offer a high level of equipment and performance, the prices start at an amazing £5,490.

Within the range you will find such refinements as power-assisted steering, 5-speed gearbox, electric front windows and centralised door locking, depending which model you choose.

The only way to decide which one you want is to go and take a look round at your nearest Renault dealer.

The Renault 20TL is available from £5,490, the LS from £5,950 and the TS from £6,668.

RENAULT 20



The Renault 20 range of 3 models includes the 1650cc Renault 20TL from £5,490, the Renault 20LS from £5,950 and the Renault 20TS (pictured) from £6,668. Prices include 15% VAT, Car Tax and Seat Belts. Number Plates and Delivery extra. *Price correct at time of going to press. For details of fleet sales, business and professional leasing, contact Renault UK Ltd, PO Box 2, London W1P 8PP or Renault UK Ltd, Western Avenue, London W6. Ask any of our 450 dealers about low rate Renault Loans and Insurance Plans. West End Showroom 77 St. Martin's Lane, London WC2. Renault recommends **elf** lubricants.

THE PROPERTY MARKET BY MICHAEL CASSELL

£50m Uxbridge plan gets approval

CRUDEN DEVELOPMENTS and Alders of Croydon have been given the go-ahead for a town centre redevelopment scheme in Uxbridge, Middlesex, which will, on completion, be valued at around £50m.

The project is on a three-acre freehold site which is adjacent to the London Transport Underground station and bordered by High Street, York Road and George Street. Work is due to begin next spring and occupation is timed for the autumn of 1983.

The Cruden-Alders joint development will provide 130,000 sq ft of floorspace in a ten-storey office building as well as a 200,000 sq ft department store. Construction costs of the office and department store space are put at around £121m each at today's prices. A 320-vehicle car park will also be included.

Alders, part of the UDS Group, intends to occupy the department store, although it might consider offering franchises on some of the floorspace. Land for the scheme has been assembled separately by the two groups but about nine months ago they were introduced to each other by the borough valuer and decided on a joint approach.

With approval for their plans now forthcoming from Hillingdon, David Sparrow of Cruden

says the development partners will complete negotiations on outstanding land acquisitions and study financing options.

These remain wide open, although some involvement by an institution looks certain. UDS may decide to use its own funds for the store or seek outside cash and go in as a tenant, in which case finance for the entire redevelopment could be found from one source. Cruden says the office complex could be taken by an owner occupier or let on the open market on a single or multiple occupancy basis.

According to joint letting agents Richard Ellis (acting with Farr Bedford) there is an acute shortage of large office schemes in West London and the new building will be a "rare commodity" for which record rents would be expected. Uxbridge, where Rank Xerox is the dominant tenant, forms one of the strategic centres under the Greater London Council plan which benefits from the absence of any local user restrictions, unlike towns in neighbouring Berkshire and Hertfordshire.

It has, as a result, acted as a magnet for organisations wishing to be close to Heathrow and the centre of London, though some might suggest that the resulting development has left the town a rather unsightly monument to modernisation.

Shortage near-Laing

THE UNFAMILIAR prospect of a shortage of office space in Birmingham's Edgbaston district is held out in a report this week from Laing Properties.

LPL, which cannot claim to be an entirely impartial observer of the Edgbaston scene—it still has 40,000 sq ft to let in its 103,000 sq ft Edgbaston House development—says that a little over 500,000 sq ft of space was taken off the local market between January and end of June.

There is, according to LPL, about 191,000 sq ft of office space currently available in Edgbaston or about to come on to the market but only two buildings are capable of offering lettings in excess of 30,000 sq ft.

At the same time, there is little new accommodation under construction and, as a result, all available space in the area is likely to be taken up before the end of 1981. A shortage will then exist and rentals can be expected to continue their upwards trend.

LPL says average rental rises over the 12 months to this June were around 58 per cent, taking the rate per square foot from £2.60 to just over £4.

Yields still stand firm

DESPITE the deepening recession and weakening rental growth in many parts of the property sector, prime yields steadfastly refuse to move, according to agents Healey and Baker.

All those confident assumptions about a new look property sector operating on a fresh set of ground rules and remaining soundly underpinned so far appear to remain fairly well justified.

Property is not going to escape the effects of the current economic situation—there are already sufficient empty period office suites in Mayfair and vacant High Street shops to prove that. But the market continues to display a resilience which may yet be put to the test, although it hardly looks set to crumble.

As for yields, Healey and Baker subscribe to the view that their long-running stability has in part represented a reflection of the shortage of properties suitable for direct institutional investment and, more importantly, their proven long-term performance of a hedge against inflation (currently betting it out with unemployment for the title of Public Enemy Number One).

As this column pointed out a few weeks ago, institutional investment in the first quarter of 1980 reached £375m, or less

than 15 per cent of total investment outlay by insurance companies and pension funds. Property units trusts put in another £22m.

In turn, Healey and Baker point out that while the total may be nearly 30 per cent higher than the average quarterly figure for 1979 it still falls substantially short of the 20-25 per cent property investment target set by most of the institutions.

The agents comment: "This target implies that, given the right opportunity, the institutions would place about £2bn-£3bn a year in direct property investment—twice the level of investment in 1979 and a good omen for the public sector disposal programme now underway."

Famine to feast

THE GOVERNMENT'S proposed "renaissance" of small businesses via the provision of equally small factory units seems to be arousing the often well-hidden imagination of growing numbers of investing institutions.

This week's news that the Midland Bank is to provide £5m for the state-owned English Industrial Estates Corporation to build and manage small industrial workshops in assisted areas follows a £5m injection from Barclays and £15m from the Coal Board pension funds. More agreements are now on the way.

The Corporation has now received £25m to date from private industry against the £15m target set when the scheme was announced in April. Already 1,500 units are assured. So far so good. Lettings of

existing space under the scheme have gone well and the market can clearly absorb numbers of this magnitude. It only remains to be hoped that any large-scale rush into industrial regeneration of this type does not replace a famine with a damaging feast of small factory units.

The type of accommodation planned does not take long to assemble and many could well be available while the worst effects of the recession are still being felt. Huge volumes of industrial space (mostly involving larger units) are already planned or underway and there must be a danger that supply could soon, if not already, have little in common with demand. It would be a shame if, having shown an interest, the attitude of the banks and institutions should be soured by some early unhappy experiences.

Heron in \$40m U.S. development plan

HERON INTERNATIONAL, the holding company for the Heron Corporation, has acquired a half-share in Hall Properties of San Francisco and it set to embark on a development programme involving high-technology factories in the U.S.

Mr. Gerald Ronson, chairman and chief executive of Heron, will announce the news today at the group's annual meeting in London.

The deal arises out of a long-standing personal relationship with Mr. John Gomez-Hall—the two men were together involved in Spanish property deals—who has spent time putting together development sites on America's west coast and is now ready to build.

Under the new partnership, of which Mr. Ronson will be chairman, Hall Properties plans a \$40m programme involving the construction of 770,000 sq ft of factory space for high-technology tenants. Building work will begin in the next two or three months and will be carried out over three or four years.

Two main sites are involved. The first, in San Francisco, will offer 485,000 sq ft of net floorspace in the Bay area while the other complex, at San Diego, will provide the balance of the 770,000 sq ft.

Mr. Ronson says Mr. Gomez-Hall will be the chief executive and Heron will be putting up

the development capital—in \$10m tranches. There are high hopes that further schemes will follow the first two, where all the space will be available to let.

The move follows Heron's increasing interest in the U.S. and it has, subject to approval from the Federal Home Loans Board, already taken over the Pima Savings and Loan Association in Arizona. The equivalent of a UK building society, the Association has assets of over \$400m, utilised mainly in the granting of home loans.

Heron's new corporate structure will enable its proposed expansion into the U.S. to develop separately from group interests in the UK and Europe and all U.S. acquisition will now be done via Heron International.

● The Worshipful Company of Cutlers, in conjunction with Greycoat Estates, intends to redevelop a 0.4 acre site fronting Houndsditch and Cutler Street, City. Planning consent is being sought for a 67,500 sq ft office-retail scheme and work could start in early 1981. St. Quintin is advising the Cutlers and Richard Main is acting for Greycoat.



CROYDON

Freehold garage premises
With showroom, workshops & offices
Excellent main road position
6,880 sq. ft. on site about 23,000 sq. ft.

STREATHAM
HIGH ROAD SW16

Freehold For Sale
Showrooms/shop premises
With first floor accommodation
3,685 sq. ft. and 24 lock-up garages

MATTHEWS GOODMAN & POSTLETHWAITE

LONDON LIVERPOOL & PARIS
01-248 3200 72 UPPER THAMES ST LONDON EC4R 3UA
ALSO AT 4 WATER ST LIVERPOOL L2 8SF 021-236 5732



By Order of THE LITTLEWOODS ORGANISATION LIMITED

FOR SALE BY TENDER

Closing date 29th October 1980

YORK

23/31 Coney Street

FRONTAGE about 87ft 6ins
SITE DEPTH about 162ft
SITE AREA about 14,175 sq. ft.

FREEHOLD
VACANT POSSESSION

At present five shops and offices in a magnificent retail location facing British Home Stores Ltd and close to F.W. Woolworth & Co. Ltd, Boots Ltd and W.H. Smith & Son

EXCEPTIONAL REDEVELOPMENT/
REFURBISHMENT POTENTIAL

Healey & Baker

29 St. George Street, Hanover Square,
London W1A 3BG. 01-629 9292

BOND STREET OFFICE. Magnificent air conditioned Office Suite, 725 sq. ft. All amenities. Full details 489-8163. Ref. 10962.

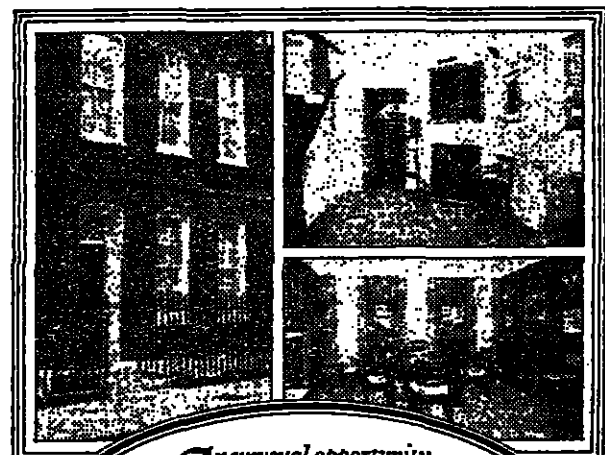
REQUIRED
FREEHOLD
INDUSTRIAL
PREMISES

12 - 15,000 sq. ft.

Some parking essential. Good loading facilities. Minimum of 4,000 sq. ft. ground floor. Location: close to New Malden, S. Wimbledon, Mitcham, Morden, Merion, Surbiton, Hook, Sutton.

Details in first instance to retained agent:
Jack Mendoza F.S.A.,
100 Blatchington Rd., Hove, Sussex
(0273 722795)

No 8
Lord North Street
Westminster, London SW1



An unusual opportunity
has arisen to purchase
the freehold interest in a most appealing
Georgian House dating from 1725.
Situated within the Division Bell Area and
Listed Grade II as being of architectural
and historic interest.

The accommodation comprises:
Seven bedrooms: Three bathrooms:
Three reception rooms including a
magnificently proportioned drawing room:
Entrance hall, kitchen, utility room
and cloakroom: Small garden.

St Quintin

CHARTERED SURVEYORS

Vinty House Queen Street Place

London EC4R 1ES

Also Leeds and Brussels

Telephone 01-236 4040

K for Industry

BASINGSTOKE

10,000 sq. ft.

Factory

LEASE FOR ASSIGNMENT

CHELMSFORD

12,785-20,535 sq. ft.

New Warehouse/Factory

Available immediately

TO LET

LONDON N.1.

Modern Showroom Building

with ancillary offices

11,300 sq. ft.

FOR SALE FREEHOLD

NEW SOUTHGATE N.11.

12,293 sq. ft.

New Factory/Warehouse Unit

TO LET

NORTHAMPTON

124,500 sq. ft.

(Units from 6,000 sq. ft.)

Factory/Warehouse and Offices

TO LET

SWANLEY

Adjacent Motorway

New Warehouse/Factory Units

From 8,400 sq. ft.

Ready Soon.

TO LET

WEMBLEY PARK

42,000 sq. ft.

Superb fully equipped Warehouse

Immediate Possession

TO LET

WINCHESTER

21,000 sq. ft. Factory

on 0.93 acres

FOR SALE FREEHOLD

King & Co

Chartered Surveyors

1 Snow Hill, London, EC1

01-236 3000 Telex 885485

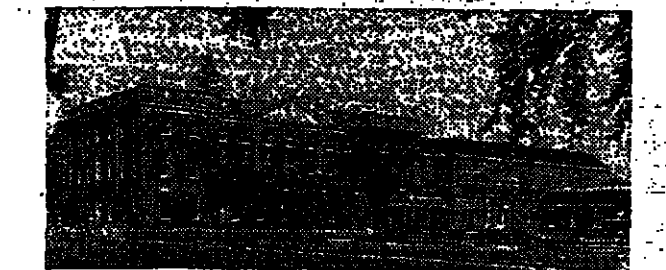
Birmingham - Leeds - Manchester - Brussels

SAVILLS

BY DIRECTION OF THE POST OFFICE

NEWBOLD REVEL, Warwickshire

London 90 miles, Birmingham 25 miles, Coventry 7 miles, Rugby 8 miles



A SUPERB RESIDENTIAL CAMPUS

maintained to the highest standards

COMFORTABLE HALLS OF RESIDENCE FOR 220 STUDENTS

TEACHING CAPACITY FOR OVER 500 STUDENTS

Magnificent Queen Anne Mansion in beautiful grounds

7 self-contained houses and cottages

Lecture Rooms, Laboratories, Theatre, Medical Centre, Library,

Gymnasium, former Chapel, Sports and Recreation Facilities

Also

IN ALL ABOUT 323 ACRES

SAVILLS, 21 Horse Fair, Banbury, Oxfordshire. Tel: (0295) 3535.

COUNTY DURHAM 681 Acres (275 HA)

ESTABLISHED FORESTRY ESTATES

Well-managed plantations of dedicated woodlands with

Vacant Possession (subject to sporting tenancies)

For Sale as a Whole or in 9 Lots

Closing date for offers: 28th October, 1980.

SAVILLS, Wessex House, Wimborne, Dorset. Tel: (0202) 887331.

JOHN SALE & PARTNERS, 18-20 Glandale Road, Wooler,

Northumberland. Tel: (06982) 811.

20 Grosvenor Hill, London W1X 0HQ

01-499 8644

FOR SALE BY TENDER ON 10th OCTOBER 1980

LEE VALLEY
CARAVAN PARK (TOURING)

LEE VALLEY REGIONAL PARK, LONDON, E4

Planning permission and licence for 242 touring caravans or tents, 3 toilet blocks, shop, office, laundry. Site area 12½ acres.

Superbly located for London and countryside

Charles F. Jones & Son

17 Gate Street, Lincoln's Inn Fields, London WC2A 3HT

Tel: 01-242 7823 - Telex: 268807



Anything you want built

anywhere in Scotland

contact

Gilbert Ash

041-248 2511

Regent House, West George Street, Glasgow

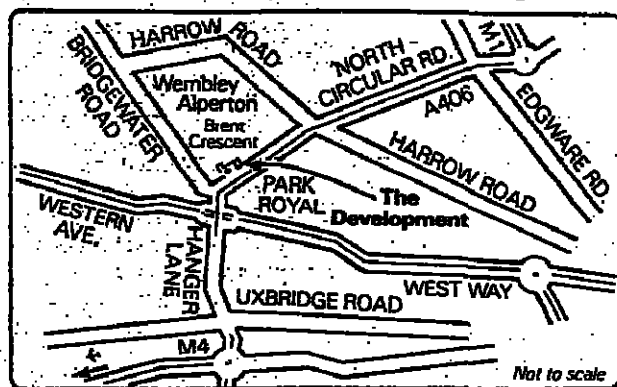
TO LET

COPARTNERSHIP PROPERTY DEVELOPMENTS LIMITED

10 North Circular Road London NW10

New Warehouse/Industrial Development

12,840 - 31,908 sq. ft.

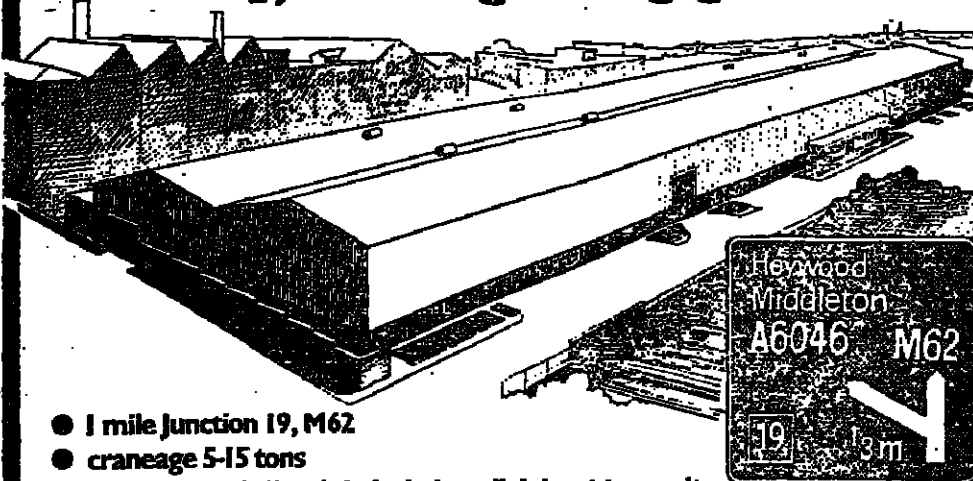


- High Office content including separate toilets
- Central heating and carpeting to offices
- Double glazing to North Circular Road
- 750 lbs. per sq. ft. floor loading
- 21 ft. to eaves ■ Fully insulated
- 35 car parking spaces

SHEPHERDS CHARTERED SURVEYORS
94 Park Lane, London W1Y 3TA
01-499 0271

DRIVERS JONAS Chartered Surveyors
16 Suffolk Street, London SW1Y 4HQ
01-830 9731

Modern Factory Heywood, Lancashire 114,000 sq.ft. approx.



- 1 mile Junction 19, M62
- craneage 5-15 tons
- headroom 18' 6" - 22' ● includes adjoining 4.1 acre site

FREEHOLD AND LONG LEASEHOLD INTERESTS

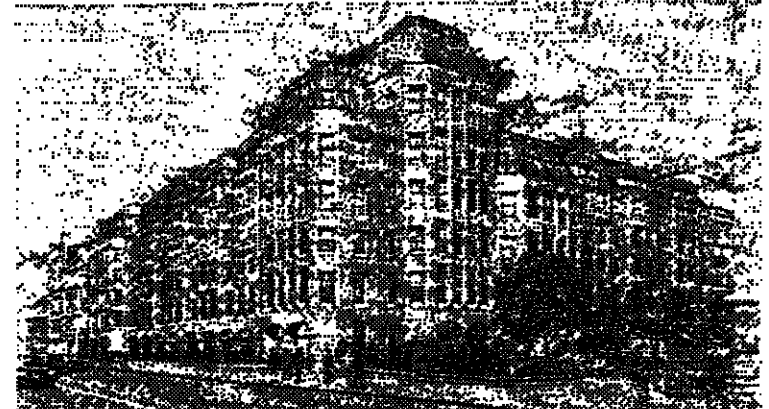
Singleton
G. F. Singleton & Co
Lloyds Bank Buildings, 53, King Street,
Manchester M2 4LR.
Telephone: 061-832 8271

SAVILLS
20, Grosvenor Hill, Berkeley Square,
London W1X 0HQ.
Telephone: 01-499 8644
Telex: 263796

Offices

a development by ESN Electricity Supply Nominees

CLOTH HALL COURT LEEDS



Phase One
Suites up to 61,000 sq. ft. NOW AVAILABLE
Generous on-site car parking
Full gas-fired central heating.

Fletcher King 10-12 Cook Street London W1X 1PD 01-734 7701

Weatherall Hollis & Gale 29 King Street Leeds LS1 2HP 0532-442066

Richard Ellis 6-10 Bruton Street London W1X 8DU 01-408 0929

FOR SALE

**PROMINENTLY SITUATED
MODERN INDUSTRIAL
PREMISES
WITH EXCELLENT
ADMINISTRATIVE OFFICES**

RUSHDEN - NORTHAMPTONSHIRE
On the A45 providing speedy access
to the M1 - Junctions 15 & 16.

TOTAL FLOOR AREA: 71,420 SQ. FT.
SITE AREA: 1.56 ACRES

JOINT AGENTS

Wilson & Partners 79, Mosley Street, Manchester, M2 3LP
Tel: 061-228 6411
TELEX: 665404

W.H. ROBINSON Chartered Surveyors
16 Suffolk Street, London SW1Y 4HQ
Tel: 01-830 9731

SWINDON Wiltshire Modern Single Storey FACTORY

20,800 sq. ft.

- Large Yard • Good Offices
- 20 ft. Eaves • Drive-in Loading

FOR SALE FREEHOLD

HENRY BUTCHER
LEOPOLD FARMER
Brownlow House, 50/51 High Holborn
London WC1V 8EG Tel: 01-405 8411

NEAR HEATHROW AIRPORT

Uxbridge Road, Hayes
Modern Offices
5,660 sq. ft.
To Let

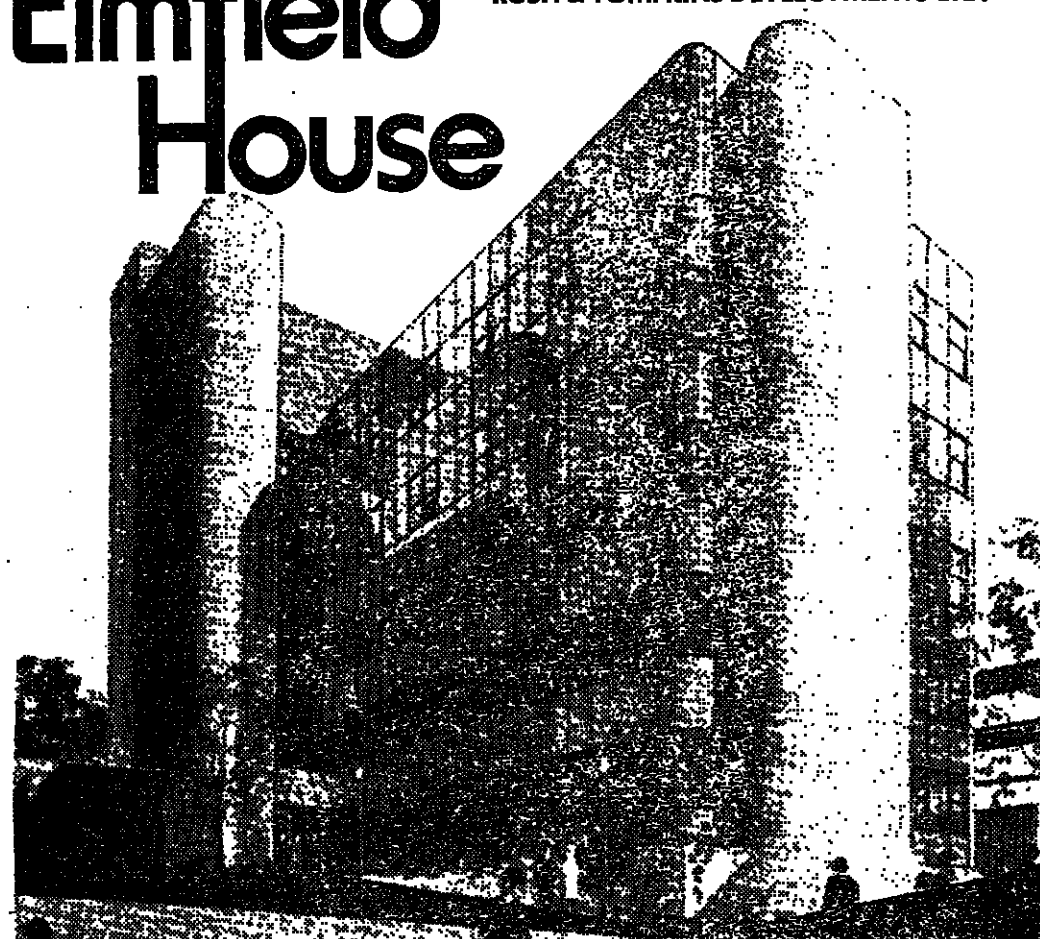
MATTHEWS GOODMAN & POSTLETHWAITE
LONDON LIVERPOOL & PARIS
01-248 3200 72 UPPER THAMES ST LONDON EC4R 3UA

15,000 Sq. Ft. INDUSTRIAL WAREHOUSE

To let: modern, fully equipped unit with offices and ample parking.
Immediately available. In South Bucks - adjacent M40. 30 minutes
Heathrow. 45 minutes London.
Phone Managing Director 06285-28111

Elmfield House

A new project by
RUSH & TOMPKINS DEVELOPMENTS LTD.



24,000 sq. ft.
A self-contained office
building at Elmfield Road, Bromley
To Be Let - Occupation March 1981

Jones Lang Wootton
Chartered Surveyors
103 Mount Street, London W1Y 6AS
Tel: 01-493 6040 Telex: 23855

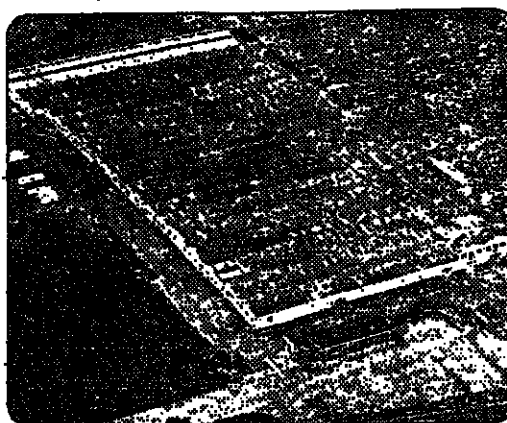
**BAXTER
PAYNE
LEPPER**

Jackson-Stops & Staff

14 CURZON STREET LONDON W1 01-499 6291 TELEX 25375

London Chester Chichester Chipping Campden Cirencester Dublin Midhurst Newmarket Northampton Yeovil York

Halesworth, Suffolk



by Direction of Howard Rotavator Co. Ltd.

**Modern Factory
/Warehouse Premises**

in all about 232,145 sq. ft.
on site of about 21.9 acres
of interest to occupiers
or developers.

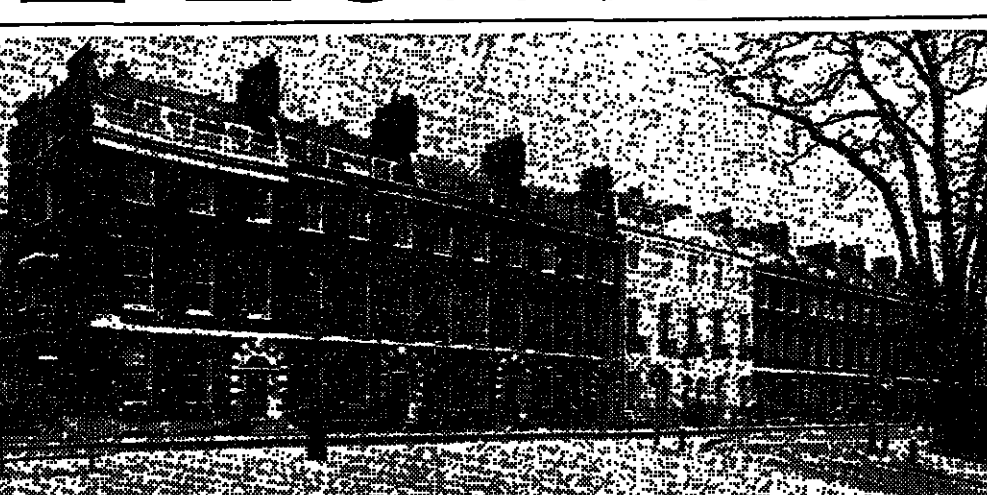
Scope for sub-division and
further development.

**FREEHOLD FOR SALE OR TO LET
AS A WHOLE OR IN PARTS.**

Brochure on request from Sole Agents.

Jackson-Stops & Staff
14 Curzon Street, London, W1Y 7FH Tel: 01-499 6291
168 High Street, Newmarket, CB8 9AJ Tel: (0638) 2231

110 BEDFORD SQUARE LONDON WC1



**125 YEARS LEASEHOLD INTEREST
TO BE OFFERED FOR SALE BY TENDER**
A TERRACE OF ELEVEN HOUSES
PRIMARILY IN OFFICE USE

VACANT POSSESSION (EXCEPT 6A BEDFORD SQUARE)

CLOSING DATE FOR TENDERS 11TH NOVEMBER 1980

INVITATIONS TO TENDER (AS A WHOLE OR SEPARATELY) FROM (REF. MJN)

5 Great College Street
London SW1P 3SD
Tel: 01-222 7080
Telex 23620

Cluttons

59/60 Pall Mall London SW1

TO BE LET

A magnificent refurbished building
consisting of **7,500sq ft.**
For further details and colour brochure
please contact Sole agents:



16 STATION STREET
MARLBOROUGH WIMBORNE
Tel: 01999 4001

GOING...GOING...

Johannesburg, Tuesday, October 28th 11a.m.
The Financial District's last big block of land
goes under the hammer.

This valuable site has a total area of 15,411 sq metres and a total frontage of 395 metres to Sauer, Frederick and Simmonds Streets. Current municipal value of land is R2 925 200.
The Property is being sold *en bloc* by public auction. It is the last Property of its size and kind available in Johannesburg's Central Financial District.

Opposite the new Standard Bank Administrative Centre and close to the City's major financial institutions, it is just 250 metres from the M2 Motorway, with near access to two railway stations.

The Property is zoned as General Industrial, permitting offices, business premises and industrial buildings. It comprises 23 freehold stands. All tenants are subject to six calendar months notice. Shares in the company now owning the property can be transferred.

Ownership of this land offers a variety of growth options. The Property is a growing asset in itself, and is well suited for development of offices, large ground floor showrooms and shopping complexes. There is easy access to major North, South, East and Western bound thoroughfares through the City. The Property's size makes it possible to provide extensive parking.

In fact, its location makes it ideal for anything from a large hotel complex to an imaginative trade centre concept, which the City still lacks, to a variety of high-rise development combinations.

The property consists of 23 unconsolidated freehold stands of various sizes. Whilst the property must be sold *en bloc* each stand has tremendous potential for various future development projects.

The Central Business District of Johannesburg has been the focus of many big land deals over the years. Now the Last Chance is here. Whatever happens at 11 a.m. October 28th will become an important chapter in South African business history.

Where the Property is purchased by a foreign resident company or person, it is probable that on application the Financial Rand can be used. At the time of going to press the Financial Rand rate was 35% lower than the Rand.

IMPORTANT: Company Shares can be transferred.
For a detailed brochure of this historic Auction, and any further particulars, please contact Sally Kiddle at BBDO. Telephone 836 4802 London.

Meikle
EST. 1908

PUBLIC AUCTION ON TUESDAY, OCTOBER 28, 11 A.M. AT OUR PROPERTY SALESROOMS, 101 FOX ST, JOHANNESBURG.

CITY EC1 off Holborn

Prestige 2,800 sq. ft. Offices
2 remaining floors.
Telephones installed
Imposing renovated building

DANBER & CO.,
36/40, Wigmore Street, W1
01-486 9884

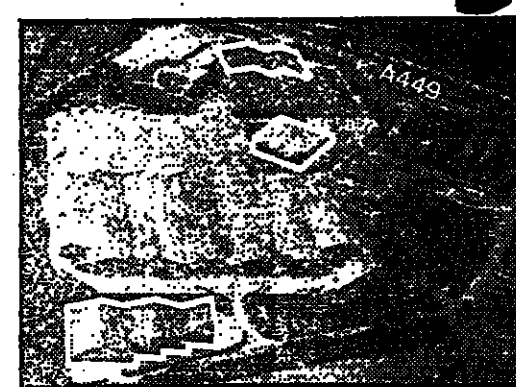
WINDSOR

Factory/Office. 14,000 sq. ft.
approx. Lease for disposal. Also
Short-term Accommodation: Warehouse
4,000 sq. ft. approx., Offices
4,000 sq. ft. approx.

YATE, Nr. BRISTOL

New Factory/Warehouse Development,
5,000-21,000 sq. ft.
Apply: STUART PARTNERSHIP
3/9 Sheet Street, Windsor
Tel: Windsor 62333

Warehouse/Factory Units Penkridge - Staffs



Units from
20,150
sq. ft. approx.
TO LET
Just off
the Motorway

Jones Lang Wootton
Chartered Surveyors
33 King Street London EC2V 8EE 01-606 4060

Richard Ellis World Wide Offices

38-46 Albert Embankment S.E.1.
FREEHOLD SITE
FOR SALE BY TENDER
with the benefit of
planning permission for
54,900 sq. ft.
OFFICES

Tender date 31st October 1980.

Sole Agents: Richard Ellis, Chartered Surveyors,
6/10 Bruton Street, London W1X 8DU.
Telephone: 01-408 0929.

ESTATE AGENTS DIRECTORY

The Estate Agents Directory appears on the middle Friday of each month and enables Estate Agents, irrespective of size or location, to be known nationally and, indeed, internationally. The cost of promoting your company is:

£60 for twelve insertions of two lines

(i.e. £5 per insertion)

and for each additional line the rate is £22 per annum

ALSO

A limited number of 2-centimetre boxes are available at £276 per annum (only £23 per insertion)

For further details please contact:

Elizabeth Loxton

Property Advertising Manager

Financial Times, Bracken House

10 Cannon Street, London EC4A 4BY

Tel.: 01-248 5205 or Telex: 886033

CROYDON OFF PURLEY WAY

7,133 sq. ft. Remaining to Let

NEW FACTORY/WAREHOUSE

RECENTLY COMPLETED

RENT FREE PERIOD

MELLERSH & HARDING
Chartered Surveyors,
43 St. James's Place,
London, SW1
Tel: 01-493 6141.

ELLIOTT & CO.
Chartered Surveyors,
9 Park Street,
Croydon, CR9 1TY.
Tel: 01-886 9978.

ADVERTISEMENT

AVON

Bristol
Adler Stanley & Price, 7 St.
Stephens Street B51 1EG. Tel: Bristol
(0272) 299151.

BEDFORDSHIRE

Kilroy, Estate Agents, 50 St. Loeys,
Bedford. Tel: (0234) 50952.

BERKSHIRE

Reading
Buckell & Ballard, 43 Market Place,
Reading. Tel: (0734) 57341.

ESSEX

ALL ESSEX
Bairdson & Sons, 75 High Street, Brent-
wood (0277) 226222.

BARKING

Gleamy (A.) & Son, Chartered
Surveyors, 53 East Street, 01-594 3017.

SOUTHERN-ON-SEA

BENFLEET
Bradley Estate Agents, Valuers &
Surveyors, 107 High Street, Benfleet,
Essex.

Watson, Temple, Talbot & White,
Chartered Surveyors, 34 Clarence St.
Tel: (0207) 330717.

GLOUCESTERSHIRE

Powell & Powell, Chartered
Surveyors, Commercial and Industrial
Specialists, 37/41 Clarence Street,
Gloucester GL1 1EA. Tel: 36444 also
at Cardiff 27885.

CHELTENHAM & DISTRICT

Lawson & Lawson, Chartered Valuation
Surveyors & Estate Agents, 3
Regent Street, Cheltenham GL50 1HF.
(0242) 21677/9.

HAMPSHIRE

SOUTHAMPTON, PORTSMOUTH
Hall Pam & Foster, Chartered
Surveyors, Valuers, Estate Agents, 39
London Road, Southampton (0703)
28916.

L. S. Vail and Sons, Chartered
Surveyors, Commercial Premises
Department, 18 High Street, Fareham.
(0259) 258911.

HERTFORDSHIRE

HEMEL HEMPSTEAD
R. J. Alphonson, Chartered Surveyors,
63 Marlows, Hemel Hempstead 3440.

LEICESTERSHIRE

Handales, Industrial Dept., 44 Broad-
way, Letchworth 3773, Hitchin 5943.
Stevens 53309.

WATFORD

Gordon Hudson & Co., 147 The
Parade, Watford 39711 (10 lines).

KENT

ASHFORD
Gearing & Colyer, Chartered
Surveyors, Bank Street, Ashford. Tel:
(0233) 24581.

Burrows & Day, Chartered Surveyors,
and Estate Agents, 39/41 Bank Street,
Tel: Ashford (0233) 24321.

BROMLEY & DISTRICT

Baxter Payne & Lepper, Chartered
Surveyors, 19 East Street. 01-484 1181.

CANTERBURY

Gearing & Colyer, Chartered
Surveyors, 37a St. Margaret's St.
Tel: (0227) 57253.

MAIDSTONE

Gearing & Colyer, Chartered
Surveyors, 6 Colman House, King
Street, Maidstone. Tel: (0622) 95891.

TUNBRIDGE WELLS

Gearing & Colyer, Chartered
Surveyors, 22/24 High Street, Tun-
bridge Wells. Tel: (0822) 25136.

LANCASHIRE

MANCHESTER
Leslie Roberts Chartered Surveyors,
Valuation, Disposal, Advice and
Management of Com. & Ind. Pro-
perties, Queen's Head, Queen St.,
Man. M2 5LA. 061-832 5348.

PRESTON

Derrick, Wade & Waters, Unincen-
tered, Lords Walk, Preston, Lancashire PR2
1DH, Telephone 57788. Commercial,
Industrial development, investment
and letting specialists throughout the
UK in conjunction with Harlow office.

LEICESTERSHIRE

LEICESTER
Jarrold, 8 Peacock Lane, Leicester
52111. P.A.I. members.

MELTON MOWBRAY & OAKHAM

Walker Walton Hanson, Chartered
Surveyors, Wilton Lodge, 1 Wilton
Road, Melton Mowbray, LE13 9JJ.
Tel: (0544) 67555. 4 Market Place,
Oakham, Rutland, LE15 6DT. Tel:
(0437) 3577.

LINCOLNSHIRE

Brogden & Co., Char. Survys. Estate
Agents, Silver Street, Lincoln. 0522
212.

LONDON

City
Neil Alexander & Partners, Property
Advisers to Banks, 70 Queen Victoria
St., EC4A 01-248 2258.

Balshaw Eves, Provincial House, 218/
220 Bishopsgate, London EC2M 4QD.
Tel: 01-377 0137.

SMITH, MALZACK, SURVEYORS, VALUERS AND ESTATE AGENTS, 27/28, OLD BOND STREET, W1. Tel: 01-493 1913.

Walker Walton Hanson, Chartered
Surveyors, Commercial and Invest-
ment Property, 38 Dover Street,
Berkley Square, W1X 3RB. Tel: 01-
493 1935.

Chester, Chartered Surveyors and Estate Agents, City, Holborn and Decentralised Offices, 28 Queen Street EC4R 1BB. 01-248 5022.

City Agents, Off. Spec., 4 & 6 Copt-
hall Ave., Moorgate EC2C 6JH. 01-248 5022.

Collier & Madge, Chartered Surveyors
and Property Consultants, 5 St. Bride
Street, London EC4A 4DE. 01-353 9181.

Conrad Ribbit & Co., Consultant
Surveyors and Valuers, Plantation
Road, Finchley Rd., EC3, 01-623 9116.

Hampson & Sons, Skinner's Hall, 9
Dorset Square, London EC4A 01-236
7831.

Michael Palmer & Co., Chartered
Surveyors and Industrial Property
Specialists, 181 Queen Victoria
Street, EC4, 238 8971.

J. Trevor & Sons, Estate Agents, Sur-
veyors and Valuers, 38 London Wall,
EC2, 01-628 0735. Also Mayfair and
Manchester.

WEST CENTRAL

Lander Burfield, Chartered Sur-
veyors, 75 Shoe Lane, Fleet St.,
London EC4A 3BQ. Tel: 01-353
7841. Telex: 23852.

Robert Irving & Burns, Office, Com.
& Ind. Specialists, 23-24 Margaret
St., W1N 8LE. 01-637 9821.

Bradleys Estate Agents, Valuers &
Surveyors, 27 James Street, London,
W1.

Charterers, Chartered Surveyors and
Estate Agents, West End Office,
Factories, Warehouses, etc., 75
Grosvener Street, W1X 1LB. 01-499
0404.

Conrad Ribbit & Co., Consultant
Surveyors and Valuers, Milner House,
14 Manchester Sq., W1M 5AA. 01-535
4459.

Harrison & Partners, Office Specialists,
57 Blanford St., W1N 3AF. 01-496
8121.

Harron & Partners, 30a Sackville St.,
W1. Tel: 437 2781.

Meadow Sehnas & Company, 79a
Park Street, W1. 01-493 8882.

Rail Diner & Co. (Office and Com-
mercial Property Specialists), 179
New Bond Street, W1Y 9PD. 01-491
154.

Jan Scott & Co., Estate Agents and
Surveyors, Berkeley House, 20
Berkeley Square, London, W1. 01-493
8911.

Smith, Malzack, Surveyors, Valuers
and Estate Agents, 27/28, Old Bond
Street, W1. Tel: 01-493 1913.

Walker Walton Hanson, Chartered
Surveyors, Commercial and Invest-
ment Property, 38 Dover Street,
Berkley Square, W1X 3RB. Tel: 01-
493 1935.

NORFOLK

The A. G. Ebbage Partnership,
Exchange Street, Norwich. Tel:
(0603) 29571. Telex: 97722. Com-
mercial and Industrial Surveyors,
Residential Agents. The AGE
of Property Expertise covering East
Anglia to the City of London.

SOUTH WEST

James Andrew & Potts., Consultant
Surveyors and Estate Agents, 62 Pall
Mall, London SW1Y 9HZ. 01-839 4436.

Hampton & Sons, 6 Arlington Street,
London, SW1. Tel: 01-493 8222.

NORTH

Michael Berman & Co. Shop, Office
& Industrial Specialists, 358 Regent
Park Road, Finchley, N3. 01-349 8211.

MERSEYSIDE

LIVERPOOL
Ramsay Murdoch & Partners, Com-
mercial, Property and Investment
Specialists, 181 Queen Victoria
Street, EC4, 238 8971.

J. Trevor & Sons, Estate Agents, Sur-
veyors and Valuers, 38 London Wall,
EC2, 01-628 0735. Also Mayfair and
Manchester.

WEST CENTRAL

Lander Burfield, Chartered Sur-
veyors, 75 Shoe Lane, Fleet St.,
London EC4A 3BQ. Tel: 01-353
7841. Telex: 23852.

Robert Irving & Burns, Office, Com.
& Ind. Specialists, 23-24 Margaret
St., W1N 8LE. 01-637 9821.

Bradleys Estate Agents, Valuers &
Surveyors, 27 James Street, London,
W1.

Charterers, Chartered Surveyors and
Estate Agents, West End Office,
Factories, Warehouses, etc., 75
Grosvener Street, W1X 1LB. 01-499
0404.

Conrad Ribbit & Co., Consultant
Surveyors and Valuers, Milner House,
14 Manchester Sq., W1M 5AA. 01-535
4459.

Harrison & Partners, Office Specialists,
57 Blanford St., W1N 3AF. 01-496
8121.

Harron & Partners, 30a Sackville St.,
W1. Tel: 437 2781.

Meadow Sehnas & Company, 79a
Park Street, W1. 01-493 8882.

Rail Diner & Co. (Office and Com-
mercial Property Specialists), 179
New Bond Street, W1Y 9PD. 01-491
154.

Jan Scott & Co., Estate Agents and
Surveyors, Berkeley House, 20
Berkeley Square, London, W1. 01-493
8911.

Smith, Malzack, Surveyors, Valuers
and Estate Agents, 27/28, Old Bond
Street, W1. Tel: 01-493 1913.

Walker Walton Hanson, Chartered
Surveyors, Commercial and Invest-
ment Property, 38 Dover Street,
Berkley Square, W1X 3RB. Tel: 01-
493 1935.

NORFOLK

The A. G. Ebbage Partnership,
Exchange Street, Norwich. Tel:
(0603) 29571. Telex: 97722. Com-
mercial and Industrial Surveyors,
Residential Agents. The AGE
of Property Expertise covering East
Anglia to the City of London.

NORTH EAST

Storey Sons & Parker, Chartered
Surveyors, Newcastle 0632 26291.
Middlebrough 0642 248301. Stockley
0642 70583. Morpeth 0670 57393.

NOTTINGHAMSHIRE

MANFIELD
Walker Walton Hanson, Chartered
Surveyors, Commercial and Residen-
tial, 45 Stockwell Gate, Mansfield
NG18 1LA. (0623) 35427.

NOTTINGHAM

Cavanagh William H. Brown, Rent
Reviews, Valuations, Acquisitions,
Sales, Lettings, 32 Friar Lane,
Nottingham. Tel: (0302) 42747. Also
at Newark, Grantham, Leicester,
Lincoln, London.

Hallam Brackett & Co., Chartered
Surveyors. For advice on all types of
commercial and industrial property
throughout Nottingham and the East
Midlands, 8 Low Pavement, Notting-
ham NG1 7DR. Tel: (0602) 61414.
Telex: 57723.

Walker Walton Hanson, Chartered
Surveyors, Commercial and Residen-
tial, 5 Byard Lane, Bridlesmith Gate,
Nottingham NG1 2GL. (0602) 64272.

OXFORDSHIRE

OXFORD
Buckell & Ballard, 58 Cornmarket St.,
Oxford. Tel: (0865) 40301 & 15 Offices.

SUFFOLK

BURY ST. EDMUNDS, EAST ANGLIA
Lacy Scott, Commercial, Agricultural
and Residential Surveyors and
Auctioneers, 3 Hatter Street, Bury
08331.

SURREY

GUILDFORD
Cubitt & West, Commercial Surveyors,
44 High Street, Guildford, 0483 7277
or 02055. 18 offices in Surrey, Sussex
and Hampshire.

WORKING

David Smith Partnership, Com-
mercial Consultants, 1 West Street,
Woking. Tel: Woking 65866.

SUSSEX

Clifford Dann Commercial, Chartered
Surveyors, Albion House, Lewes
(07916) 4375. (Six local offices).

STILES, HORTON LEDGER, SURVEYORS,

6 Pavilion Buildings, Brighton.
Tel: 25161, and at Hove 720771.
Eastbourne 38244, Worthing 37882
and Crawley 515951.

Goa, White and Co. (Commercial Department), 28/29 Ship Street, Brighton, 0273 29116 (8 local offices).

CRAWLEY
Philip James Associates, 6 Brighton
Road, Croydon. Tel: (0753) 44511.

HAYWARD'S HEATH

Gearing & Colyer, Chartered
Surveyors, 133 South Road, Hayward's
Heath. Tel: (0444) 57311.

HORSHAM

King & Chasemore (Commercial),
Corfas, Horsham. Tel: (0403) 64441.

WILTSHIRE

Buckell & Ballard, 106 Commercial
Road, Swindon. Tel: (0753) 44511.

WALES

Powell & Powell, Chartered Surveyors,
Commercial and Industrial Specialists,
6-7 St. John's Square, Cardiff CF1
2SB. Tel: 27656, also at Gloucester
3844.

BRIDGEND
David E. Linds Potts., Char. Survys.,
35a Caroline St., Mid Glam. (0656)
53445.

TYWYN GWYNEDD
Fisher Arblitt & Co., Auctioneers,
High Street LL36 9AD. (0654 710388).

Liverpool Capital for Industry

Liverpool Development Agency
051-227 3296



11 DALE STREET LIVERPOOL L2 2ET

Chestertons City Offices

28, Queen Street, London, EC4R 1BB.

01-248 5022

E.C.2.

Excellent Refurbished Office Building
To Let

11,000 Sq. Ft. approx.

including Ground Floor suitable for Banking
plus nearly 6,000 Sq. Ft. for future expansion.

Completion May 1981

Chestertons, Chartered Surveyors. For all your property needs

FREEHOLD INDUSTRIAL / OFFICE COMPLEX

STRATFORD E15
132,000 sq. ft. on 5.8 acres
FOR SALE
(as a whole or in part)

Kemsley 20/24, Ropemaker St.,
Whiteley London EC2Y 9AJ.
& Ferris Tel: 01-628 2873

Jackson-Stops & Staff

14 CURZON STREET LONDON W1 01-499 6291

By Direction of Joseph Terry & Sons Ltd.

REMEMBER OF TENDER

City of York

No. 3, St. Helen's Square

One of the most important freehold buildings in the city centre

Well known as the home of Terry's Restaurant and Confectionery Shop

and in the same ownership for over 150 years

In all approx. 13,303 sq. ft.

Suitable for a variety of retail, office and catering uses (subject to planning consent)

For sale or to lease by tender

Closing Date: Wednesday, 1st October, 1980

Brochure and Tender Documents from Sole Agents:

Jackson-Stops & Staff 14, Curzon Street, London W1 Tel: 01-499 6291

and 23, High Petergate, York, YO1 2HS Tel: (0904) 25033

Solicitors: Messrs. Slaughter and May, 35, Abchurch Lane, London EC4N 3DB

01-408-2131

SHOPS AND OFFICES

CENTRAL HARROW. Superb modern office to let, 1,500 sq. ft. C.A. fitted carpets, telephones and tap water. Excellent decoration. Long lease. No premium. For further details contact Henry Davis, 101, New Bond Street, W1, Tel: 01-499 3271.

WALLINGFORD. Excellent suite of 2,000 sq. ft. office space available in modern office building close to the railway station. Write Box 1,532, Financial Times, 10, Cannon Street, EC4P 4BY.

INDUSTRIAL AND WAREHOUSES

ANDOVER. Prestige New Warehouse. 20,000 sq. ft. to 100,000 sq. ft. floor loading. 22ft. minimum to eaves. All available from October. Use to suit. Sweeney Coward McGlashan, 12, John Street, London W1M 9HS. Tel: 01-408-2131.

PELTON. High yielding warehouse/light industrial investment. Six tenants on good FRI leases producing £55,700 per annum exclusive from area still to let at £3,000 per annum exclusive. For Sale, £400,000. Freehold, E.C. Parker & Co., Ulverston, Lancs. Walk, Preston 25516.

WANTED

INDUSTRIAL AND WAREHOUSE SITES. Requisitions required in the southern half of the country by public authority. Details to be sent to: 10, Cannon Street, EC4P 4BY.

INTERNATIONAL PROPERTY

WASHINGTON, D.C.

REAL ESTATE

SALES & MANAGEMENT

Curtis T. Bell & Co., Realtors

1812 Adams Mill Road NW

Washington, D.C. 20008

Telephone (202) 387-1200

SKIING AT LA PLAGNE. New apartments

available for purchase at the premier

French ski resort in the Savoy Alps.

150 km Geneva. Inspection August,

and from October. Use to suit. 50% mortgage at fixed interest over 20 years

available to individuals and companies.

Approved rental scheme available to

buyers. Contact Planning Information,

P.O. Box 4, London EC1P 1AB.

FOUNTAIN HOUSE

45 WHITFIELD STREET LONDON W1

A superb newly constructed building
offering approx:
10,450 sq. ft. of air-conditioned offices
and self contained directors suite

TO LET

5 car parking spaces • Carpeting • Acoustic ceilings
Marble entrance halls • Fluorescent and modulated lighting
2 passenger lifts • Telephones installed

Healey & Baker
Established 1820 in London
29 St. George Street, Hanover Square,
London W1A 3BG 01-629 9292

CONRAD RITBLAT & CO
Consultant Surveyors & Valuers
Telephone: 01-499 4444
11000 House, 14 Manchester Square, London W1, Tel: 703 850
City Office: 200 Strand, London WC2R 1EX, Tel: 747 777
Lancashire Office: 100-102, 104-106, 108-110, 112-114, 116-118, 120-122, 124-126, 128-130, 132-134, 136-138, 140-142, 144-146, 148-150, 152-154, 156-158, 160-162, 164-166, 168-170, 172-174, 176-178, 180-182, 184-186, 188-190, 192-194, 196-198, 200-202, 204-206, 208-210, 212-214, 216-218, 220-222, 224-226, 228-230, 232-234, 236-238, 240-242, 244-246, 248-250, 252-254, 256-258, 260-262, 264-266, 268-270, 272-274, 276-278, 280-282, 284-286, 288-290, 292-294, 296-298, 300-302, 304-306, 308-310, 312-314, 316-318, 320-322, 324-326, 328-330, 332-334, 336-338, 340-342, 344-346, 348-350, 352-354, 356-358, 360-362, 364-366, 368-370, 372-374, 376-378, 380-382, 384-386, 388-390, 392-394, 396-398, 400-402, 404-406, 408-410, 412-414, 416-418, 420-422, 424-426, 428-430, 432-434, 436-438, 440-442, 444-446, 448-450, 452-454, 456-458, 460-462, 464-466, 468-470, 472-474, 476-478, 480-482, 484-486, 488-490, 492-494, 496-498, 500-502, 504-506, 508-510, 512-514, 516-518, 520-522, 524-526, 528-530, 532-534, 536-538, 540-542, 544-546, 548-550, 552-554, 556-558, 560-562, 564-566, 568-570, 572-574, 576-578, 580-582, 584-586, 588-590, 592-594, 596-598, 600-602, 604-606, 608-610, 612-614, 616-618, 620-622, 624-626, 628-630, 632-634, 636-638, 640-642, 644-646, 648-650, 652-654, 656-658, 660-662, 664-666, 668-670, 672-674, 676-678, 680-682, 684-686, 688-690, 692-694, 696-698, 700-702, 704-706, 708-710, 712-714, 716-718, 720-722, 724-726, 728-730, 732-734, 736-738, 740-742, 744-746, 748-750, 752-754, 756-758, 760-762, 764-766, 768-770, 772-774, 776-778, 780-782, 784-786, 788-790, 792-794, 796-798, 800-802, 804-806, 808-810, 812-814, 816-818, 820-822, 824-826, 828-830, 832-834, 836-838, 840-842, 844-846, 848-850, 852-854, 856-858, 860-862, 864-866, 868-870, 872-874, 876-878, 880-882, 884-886, 888-890, 892-894, 896-898, 900-902, 904-906, 908-910, 912-914, 916-918, 920-922, 924-926, 928-930, 932-934, 936-938, 940-942, 944-946, 948-950, 952-954, 956-958, 960-962, 964-966, 968-970, 972-974, 976-978, 980-982, 984-986, 988-990, 992-994, 996-998, 1000-1002, 1004-1006, 1008-1010, 1012-1014, 1016-1018, 1020-1022, 1024-1026, 1028-1030, 1032-1034, 1036-1038, 1040-1042, 1044-1046, 1048-1050, 1052-1054, 1056-1058, 1060-1062, 1064-1066, 1068-1070, 1072-1074, 1076-1078, 1080-1082, 1084-1086, 1088-1090, 1092-1094, 1096-1098, 1100-1102, 1104-1106, 1108-1110, 1112-1114, 1116-1118, 1120-1122, 1124-1126, 1128-1130, 1132-1134, 1136-1138, 1140-1142, 1144-1146, 1148-1150, 1152-1154, 1156-1158, 1160-1162, 1164-1166, 1168-1170, 1172-1174, 1176-1178, 1180-1182, 1184-1186, 1188-1190, 1192-1194, 1196-1198, 1200-1202, 1204-1206, 1208-1210, 1212-1214, 1216-1218, 1220-1222, 1224-1226, 1228-1230, 1232-1234, 1236-1238, 1240-1242, 1244-1246, 1248-1250, 1252-1254, 1256-1258, 1260-1262, 1264-1266, 1268-1270, 1272-1274, 1276-1278, 1280-1282, 1284-1286, 1288-1290, 1292-1294, 1296-1298, 1300-1302, 1304-1306, 1308-1310, 1312-1314, 1316-1318, 1320-1322, 1324-1326, 1328-1330, 1332-1334, 1336-1338, 1340-1342, 1344-1346, 1348-1350, 1352-1354, 1356-1358, 1360-1362, 1364-1366, 1368-1370, 1372-1374, 1376-1378, 1380-1382, 1384-1386, 1388-1390, 1392-1394, 1396-1398, 1400-1402, 1404-1406, 1408-1410, 1412-1414, 1416-1418, 1420-1422, 1424-1426, 1428-1430, 1432-1434, 1436-1438, 1440-1442, 1444-1446, 1448-1450, 1452-1454, 1456-1458, 1460-1462, 1464-1466, 1468-1470, 1472-1474, 1476-1478, 1480-1482, 1484-1486, 1488-1490, 1492-1494, 1496-1498, 1500-1502, 1504-1506, 1508-1510, 1512-1514, 1516-1518, 1520-1522, 1524-1526, 1528-1530, 1532-1534, 1536-1538, 1540-1542, 1544-1546, 1548-1550, 1552-1554, 1556-1558, 1560-1562, 1564-1566, 1568-1570, 1572-1574, 1576-1578, 1580-1582, 1584-1586, 1588-1590, 1592-1594, 1596-1598, 1600-1602, 1604-1606, 1608-1610, 1612-1614, 1616-1618, 1620-1622, 1624-1626, 1628-1630, 1632-1634, 1636-1638, 1640-1642, 1644-1646, 1648-1650, 1652-1654, 1656-1658, 1660-1662, 1664-1666, 1668-1670, 1672-1674, 1676-1678, 1680-1682, 1684-1686, 1688-1690, 1692-1694, 1696-1698, 1700-1702, 1704-1706, 1708-1710, 1712-1714, 1716-1718, 1720-1722, 1724-1726, 1728-1730, 1732-1734, 1736-1738, 1740-1742, 1744-1746, 1748-1750, 1752-1754, 1756-1758, 1760-1762, 1764-1766, 1768-1770, 1772-1774, 1776-1778, 1780-1782, 1784-1786, 1788-1790, 1792-1794, 1796-1798, 1800-1802, 1804-1806, 1808-1810, 1812-1814, 1816-1818, 1820-1822, 1824-1826, 1828-1830, 1832-1834, 1836-1838, 1840-1842, 1844-1846, 1848-1850, 1852-1854, 1856-1858, 1860-1862, 1864-1866, 1868-1870, 1872-1874, 1876-1878, 1880-1882, 1884-1886, 1888-1890, 1892-1894, 1896-1898, 1900-1902, 1904-1906, 1908-1910, 1912-1914, 1916-1918, 1920-1922, 1924-1926, 1928-1930, 1932-1934, 1936-1938, 1940-1942, 1944-1946, 1948-1950, 1952-1954, 1956-1958, 1960-1962, 1964-1966, 1968-1970, 1972-1974, 1976-1978, 1980-1982, 1984-1986, 1988-1990, 1992-1994, 1996-1998, 2000-2002, 2004-2006, 2008-2010, 2012-2014, 2016-2018, 2020-2022, 2024-2026, 2028-2030, 2032-2034, 2036-2038, 2040-2042, 2044-2046, 2048-2050, 2052-2054, 2056-2058, 2060-2062, 2064-2066, 2068-2070, 2072-2074, 2076-2078, 2080-2082, 2084-2086, 2088-2090, 2092-2094, 2096-2098, 2100-2102, 2104-2106, 2108-2110, 2112-2114, 2116-2118, 2120-2122, 2124-2126, 2128-2130, 2132-2134, 2136-2138, 2140-2142, 2144-2146, 2148-2150, 2152-2154, 2156-2158, 2160-2162, 2164-2166, 2168-2170, 2172-2174, 2176-2178, 2180-2182, 2184-2186, 2188-2190, 2192-2194, 2196-2198, 2200-2202, 2204-2206, 2208-2210, 2212-2214, 2216-2218, 2220-2222, 2224-2226, 2228-2230, 2232-2234, 2236-2238, 2240-2242, 2244-2246, 2248-2250, 2252-2254, 2256-2258, 2260-2262, 2264-2266, 2268-2270, 2272-2274, 2276-2278, 2280-2282, 2284-2286, 2288-2290, 2292-2294, 2296-2298, 2300-2302, 2304-2306, 2308-2310, 2312-2314, 2316-2318, 2320-2322, 2324-2326, 2328-2330, 2332-2334, 2336-2338, 2340-2342, 2344-2346, 2348-2350, 2352-2354, 2356-2358, 2360-2362, 2364-2366, 2368-2370, 2372-2374, 2376-2378, 2380-2382, 2384-2386, 2388-2390, 2392-2394, 2396-2398, 2400-2402, 2404-2406, 2408-2410, 2412-2414, 2416-2418, 2420-2422, 2424-2426, 2428-2430, 2432-2434, 2436-2438, 2440-2442, 2444-2446, 2448-2450, 2452-2454, 2456-2458, 2460-2462, 2464-2466, 2468-2470, 2472-2474, 2476-2478, 2480-2482, 2484-2486, 2488-2490, 2492-2494, 2496-2498, 2500-2502, 2504-2506, 2508-2510, 2512-2514, 2516-2518, 2520-2522, 2524-2526, 2528-2530, 2532-2534, 2536-2538, 2540-2542, 2544-2546, 2548-2550, 2552-2554, 2556-2558, 2560-2562, 2564-2566, 2568-2570, 2572-2574, 2576-2578, 2580-2582, 2584-2586, 2588-2590, 2592-2594, 2596-2598, 2600-2602, 2604-2606, 2608-2610, 2612-2614, 2616-2618, 2620-2622, 2624-2626, 2628-2630, 2632-2634, 2636-2638, 2640-2642, 2644-2646, 2648-2650, 2652-2654, 2656-2658, 2660-2662, 2664-2666, 2668-2670, 2672-2674, 2676-2678, 2680-2682, 2684-2686, 2688-2690, 2692-2694, 2696-2698, 2700-2702, 2704-2706, 2708-2710, 2712-2714, 2716-2718, 2720-2722, 2724-2726, 2728-2730, 2732-2734, 2736-2738, 2740-2742, 2744-2746, 2748-2750, 2752-2754, 2756-2758, 2760-2762, 2764-2766, 2768-2770, 2772-2774, 2776-2778, 2780-2782, 2784-2786, 2788-2790, 2792-2794, 2796-2798, 2800-2802, 2804-2806, 2808-2810, 2812-2814, 2816-2818, 2820-2822, 2824-2826, 2828-2830, 2832-2834, 2836-2838, 2840-2842, 2844-2846, 2848-2850, 2852-2854, 2856-2858, 2860-2862, 2864-2866, 2868-2870, 2872-2874, 2876-2878, 2880-2882, 2884-2886, 2888-2890, 2892-2894, 2896-2898, 2900-2902, 2904-2906, 2908-2910, 2912-2914, 2916-2918, 2920-2922, 2924-2926, 2928-2930, 2932-2934, 2936-2938, 2940-2942, 2944-2946, 2948-2950, 2952-2954, 2956-2958, 2960-2962, 2964-2966, 2968-2970, 2972-2974, 2976-2978, 2980-2982, 2984-2986, 2988-2990, 2992-2994, 2996-2998, 3000-3002, 3004-3006, 3008-3010, 3012-3014, 3016-3018, 3020-3022, 3024-3026, 3028-3030, 3032-3034, 3036-3038, 3040-3042, 3044-3046, 3048-3050, 3052-3054, 3056-3058, 3060-3062, 3064-3066, 3068-3070, 3072-3074, 3076-3078, 3080-3082, 3084-3086, 3088-3090, 3092-3094, 3096-3098, 3100-3102, 3104-3106, 3108-3110, 3112-3114, 3116-3118, 3120-3122, 3124-3126, 3128-3130, 3132-3134, 3136-3138, 3140-3142, 3144-3146, 3148-3150, 3152-3154, 3156-3158, 3160-3162, 3164-3166, 3168-3170, 3172-3174, 3176-3178, 3180-3182, 3184-3186, 3188-3190, 3192-3194, 3196-3198, 3200-3202, 3204-3206, 3208-3210, 3212-3214, 3216-3218, 3220-3222, 3224-3226, 3228-3230, 3232-3234, 3236-3238, 3240-3242, 3244-3246, 3248-3250, 3252-3254, 3256-3258, 3260-3262, 3264-3266, 3268-3270, 3272-3274, 3276-3278, 3280-3282, 3284-3286, 3288-3290, 3292-3294, 3296-3298, 3300-3302, 3304-3306, 3308-3310, 3312-3314, 3316-3318, 3320-3322, 3324-3326, 3328-3330, 3332-3334, 3336-3338, 3340-3342, 3344-3346, 3348-3350, 3352-3354, 3356-3358, 3360-3362, 3364-3366, 3368-337

FINANCIAL TIMES SURVEY

Friday September 5 1980

The New St. Gotthard Tunnel

After more than ten years of work under the Alps, today sees the opening of the \$414m St. Gotthard motorway tunnel — an important new link for traffic passing between Northern and Southern Europe. JOHN WICKS reports.

World's longest road tunnel

TODAY, SWITZERLAND opens the St. Gotthard motorway tunnel under the Alps. With a length of more than 10 miles between Göschenen, in the north, and Airolo, in the south, the 16.32-km project is the longest road tunnel in the world. It is also an important new link for traffic passing between Northern and Southern Europe — almost exactly a century after the completion of the Gotthard rail tunnel along the same route.

The tunnel has been under construction for just over 10 years, with two Swiss building consortia working for the cantons of Uri and Ticino. Most of the financing comes from the

Federal Government, however, in whose ambitious programme of "Nationalstrassen" the contract has been a key project. The cost is high and some 125 per cent above the original estimate, but hardly exorbitant; a one-mile stretch of motorway opened in Zurich last month ran up a bill equal to 30 per cent of the St. Gotthard 688m spent on the highly-sophisticated tunnel.

The tunnel meets a major aim in the Swiss national transport policy. This is the fast, all-weather and toll-free connection between the Ticino and the rest of the country. Together with the Seelersberg tunnel to the north (due to be opened this December), it will provide a direct link between Basle and Chiasso — without trailing over the 6,916-ft Gotthard Pass or spending Sfr 30 each way on the Göschenen-Airolo rail shuttle. The pass is in any case, closed by snow for more than half the year.

The reduction of the north-south route by over eight miles and the saving of a 3,000 feet altitude distance will save some Sfr 13 per trip, say the Bernese planners — this is quite apart from the bad-weather rail costs. Add to that the anticipated cut in traffic accidents, pollution and petrol consumption and the

strengthening of national communications, and the Swiss are in possession of what they see as a "very lucrative, high-performance road."

As far as capacity is concerned, it is expected that an average of 9,500 vehicles a day will be using the St. Gotthard Tunnel in the immediate future.

Motorway plan

By 1987, when the remaining gaps in the N2 motorway in the Ticino are completed, the average is seen as rising to about 16,000 daily. The maximum hourly capacity is 1,800 vehicles, not least because of ventilation limits.

Although the tunnel is a two-lane road only, and thus not really a motorway at all, it should be able to take all the traffic likely to use it for many years to come. A second tube may be tunnelled out one day — preliminary work on this has already taken place — but experts feel this would hardly be necessary before the year 2000. It would not be worth the great expense of a second tube just to avoid the occasional hold-up at peak periods when the pass is closed.

In the framework of international transport, the Gotthard

route is one of the three major trans-Alpine connections passing through Switzerland. The other two are the Simplon, leading from the Rhône Valley into Italy, and the San Bernardino from the uppermost reaches of the Rhine to Italy, via the Val Mesolcina.

For most long-distance traffic on the north-south axis, the Gotthard tunnel is the best way to go. The shortest stretch between Hamburg and Reggio di Calabria, will attract a great deal of southern-bound holiday traffic, as well as regular business and private custom.

The tunnel brings Frankfurt and Milan over 90 miles closer than the route through the Arlberg in western Austria. The N2 also connects the highly-industrialised areas of north-western Europe with the similarly developed north of Italy. This means that commercial vehicles will not be long in discovering the fast — and free — tunnel route.

In fact, the authorities are anything but keen on attracting hordes of long-distance lorries. The tunnel was simply not built with heavy vehicles in mind. From the very start, the Swiss authorities have imposed a weight limit of 28 tonnes, with a weighing station in Canton Uri

to check on this, and a maximum-length rule, as well as a ban on night and Sunday driving.

If these restrictions are not enough, the Swiss will have no hesitation in applying new ones, they say. At the same time, though, measures have been taken to make things easier for hauliers and drivers — particularly in the field of piggy-back rail facilities, container handling and loading stations in Basle and the Ticino.

The road tunnel is not intended to be competition for the rail route. National transport policy foresees co-ordination of road and rail services, not only by the expansion of piggy-back facilities and the alteration of the rail tunnel's profile, but also by the closing down of the flat-back car shuttle between Göschenen and Airolo stations as the road tunnel opens.

Export traffic

The road will, in fact, take away only a little traffic from the railway system's long distance transit business. Indeed, the better piggy-back service may win back some of the export traffic lost to road transport in recent years.

As things are, the rail tunnel would have proved insufficient to handle the volume of traffic under the Gotthard during the long period every year when the pass is closed. The rail tunnel is subject to heavy traffic frequencies and little can be done to increase its capacity.

The road link alone will ease (but not solve) the situation. With the Swiss Government's "Integral Transport Concept" — looking toward a rise in total freight and passenger transport by train in the order of 80-100 per cent by 2000, new trans-Alpine services will be necessary early in the 21st century.

With a new rail tunnel between Realp (Uri) and Oberwald in the Valais to open under the Furka pass in 1982, there is much talk about further rail projects, among them a gigantic scheme to lay a nearly 29-mile "Gotthard base" tunnel from Amsteg to Biasca at a cost of Sfr 6.3bn (\$3.81bn) and a railway under the Splügen Pass between the Grisons and Italy. As urgent as many claim these are, the Government says it will not present plans to Parliament until Federal finances are in a better state.

However, not only rail traffic is increasing. The authorities

believe that the demand for road transport, in terms of ton-miles, will increase 50 to 70 per cent by the end of the century. The motorway programme, in general, and major individual projects such as the Gotthard tunnel, in particular, are meant to meet these substantial future requirements.

Bottle-necks
The motorway building programme is progressing relatively slowly, however, and bottle-necks will continue to exist in the network for some years to come.

This applies also to the roads to and from the Gotthard tunnel. To the north, the situation is not serious, especially with the opening of the Seelersberg four-lane tunnel on the Uri/Nidwalden border in a few months' time. There is still a gap in the motorway system in Canton Lucerne, but a little "knot" at Sursee will have been untied by next year.

The situation is rather less satisfactory to the south, between Varenzo and the Ticinese capital Bellinzona, where the motorway has not yet been completed. Motorists still have to face a stretch of two-lane road with a couple of hairpin bends, which

CONTENTS

Finance: despite the high cost of the tunnel, the authorities believe that the economic gains to be derived from the project will make it a profitable venture from the start	II
Historic developments	III
Important gateway to the Ticino	III
A mixed blessing for the canton of Uri	III

could hold up traffic, particularly in a south-north direction. Not until 1983 will the last gap (between Biasca and Bellinzona) be filled, whereby opposition is coming from the villages of Osogna and Preonzo concerning plans to run the N2 along the left rather than the right bank of the River Ticino.

Repercussions from the tunnel opening are likely to reach down into Italy itself. The Milan by-pass is expecting thousands of extra vehicles a day from the Gotthard tunnel route and talks are now in hand between the road authority, ANAS, and the operator of the Milan-Serravalle motorway, to open a third lane.

A 10-mile motorway under the Alps

THE ST. GOTTHARD TUNNEL is not simply two-lanes of traffic under a mountain. Apart from the advanced technology used in drilling through more than 10 miles of rock, the installation itself is a highly sophisticated engineering system. The sheer length of the tunnel and its heavy traffic load meant that its designers had to come up with new solutions to new problems. Technically, the result is anything but a mixture-as-before job.

In fact, the Swiss were already experts in tunnel building. Their country has the world's highest density of tunnels — there will be 38 of them alone on the N2 motorway of which the St. Gotthard forms a part. Almost the same route was taken Göschenen and Airolo, when the Gotthard rail tunnel was laid as one of the major civil engineering achievements of the 19th century.

The tunnel was built for the cantons of Uri and Ticino by two Swiss construction consortia.

The northern allotment was undertaken by Arbeitsgemeinschaft Gotthard-Strassentunnel.

Nord, a group of seven firms working under the management of the Zurich-based civil engineers Elektrowatt, which in its turn reported to the Uri authorities.

The southern section was the responsibility of the five-company Consorzio Gotthardo Sud; since Ticino is a larger canton than Uri, it directed the work through its own motorways department. The whole project was superintended by the Federal Roads and Waterways Bureau in Bern.

Comparison

Actual tunnelling took a total of over seven years and removed more than 1.65m cu metres of rock. This is only a little less than the time taken a century ago for the drilling of the rail tunnel — but work took place on only 210 days, instead of 380 days a year.

More important still, the use of modern machines like the three specially designed "tunnelling jumbos" reduced the number of workers and serious accidents to only about one-tenth of the 1890s figure. More than 92m man-hours were needed

for the road-tunnel and there were 19 fatal accidents.

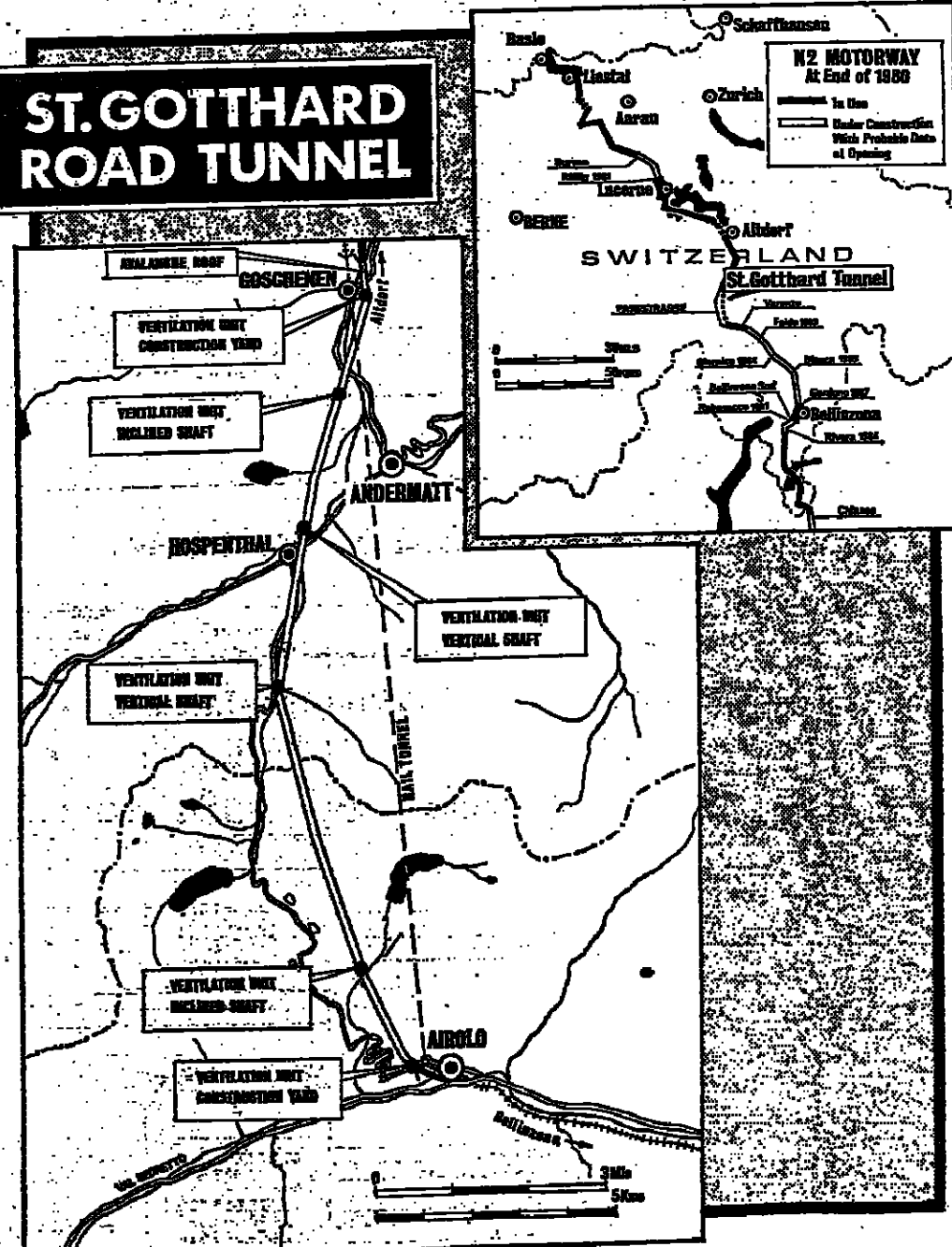
The main tunnel itself is 16.32 kilometres long, or 16.92 kilometres including an avalanche-protection roof at the Göschenen entry. The road itself is 7.8 metres across, giving the two lanes of traffic ample space, and there is a 70 cm broad pavement on either side.

The tunnel has a 4.5 metre clearance and a transverse slope of 2 per cent. To reach its peak altitude of 1,175 metres above sea level, it has a gradient of 1.4 per cent on the north and 0.3 per cent on the south side. Inside the mountain the tunnel describes a wide arc, gradual curves making for easy and less monotonous driving.

Tunnelling through the differing geological formations of the Aare and Gotthard massifs presented some unforeseen problems — water infiltration, rock-falls and, not least, pressures strong enough to bend and shift steel girders.

There were fewer unpleasant surprises of this kind than in the Furka rail tunnel, where drilling is just being completed between Uri and the Valais,

CONTINUED ON NEXT PAGE



What is the link between

Electrowatt and Gotthard

Electrowatt is Switzerland's largest international group of consulting engineers with almost 100 years of professional experience to its name. The Gotthard is Switzerland's world-longest road-tunnel with an overall length of 16.3 km (or just over 10 miles).

Electrowatt has played a leading role in the overall planning, design and implementation of the Gotthard road-tunnel.

Besides traffic and transport engineering, Electrowatt is internationally involved in projects covering such wide-ranging fields as:

- power generation and distribution
- land and water management
- agricultural development
- structural and industrial engineering

Thus Electrowatt makes a major contribution to the economic growth of industrialized and developing nations.

Electrowatt

Electrowatt Engineering Services Ltd.
Bellerive House 36
CH-8022 Zurich, Switzerland
Telephone: 01/251 62 61
Telex: 537 09 ewag ch

Electrowatt Engineering Services (London) Ltd.
20 Hartcourt House
19 Cavendish Square
London W1M 0EX
Telephone: 636 44 88
Telex: 248499 ewatt g

THE NEW ST. GOTTHARD TUNNEL II

your partner south of the Alps

FIDES

as well as all over the world

FIDES TRUST COMPANYbusiness administration, management services,
tax, legal, real estate and EDP consulting**FIDES AUDITING**foundation member of the new international group KMG
Klynveld Main Goerdeler

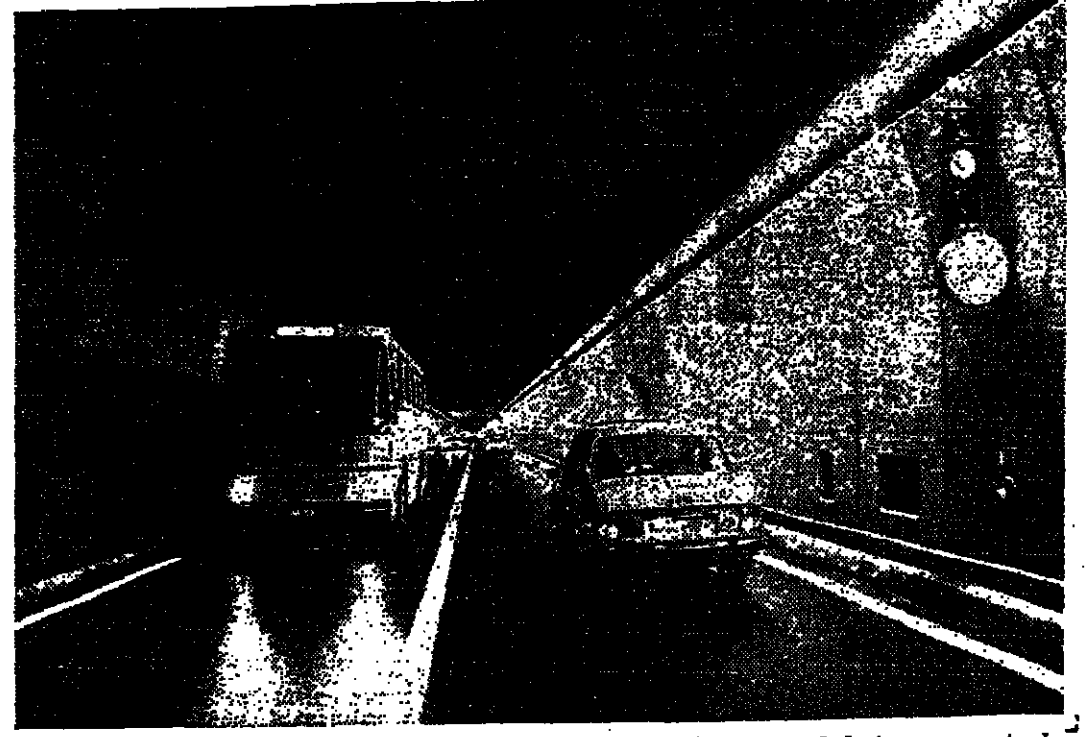
Offices in:

Basle, Bern, Geneva, Lausanne, Lucerne, St. Gall, Zurich
Düsseldorf, Frankfurt am Main, Munich, Stuttgart,
Milan, Rome
Barcelona, Madrid
Tokyo

Associates in:

Australia, Canada, Denmark, France, Great Britain,
The Netherlands, USA**FIDES CH 6900 Lugano, Via Cantonale 19**
Tel. 091 23 44 36 - Telex 79781 fides ch

The tunnel's operations centre. Ventilation in the tunnel is automatically controlled by computers



The new tunnel ensures safe and all-year-round road travel between central Switzerland and the Ticino region in the south

How the project has been financed

THE NEW Gotthard tunnel has cost something in the region of SwFr 686m (\$413.7m), or rather more than SwFr 42m per underground kilometre.

Though the authorities point out that this is comparable with the bill for similar long-stretch road tunnels being built today, it is nevertheless a very large sum for a single public works project. Nor has prosperous Switzerland money to burn—the Federal exchequer has long been in the red and Government spending is cut to the bone.

The Swiss have, in fact, found a way of financing the tunnel more or less painlessly. It forms part of the country's huge motorway construction programme, which present estimates say will cost a total SwFr 31.2bn (\$18.9bn) by the time it is completed in the mid-1990s. When the programme was first drawn up 20 years ago, it became obvious that special financing would be necessary.

Faced even in 1960 with future annual expenditure of SwFr 700m a year by the central Government, plus a cantonal share of SwFr 120m, Bern decided to offset the cost of the motorways by charges on motor spirit.

First of all, a share of 40 per cent of the 60 per cent of motorway Customs duties destined for road building was set aside for motorway financing. Subse-

quently, a special levy was imposed on the basic duty intended solely as a contribution towards the motorway programme. Today, these two charges amount to 35.67 centimes per litre of petrol, a substantial share of the total pump price of around SwFr 1.12.

Large income

The income from these two sources is considerable. In 1979, the share of basic Customs duties (in that year 42 per cent of the available amount foreseen for road construction) brought in SwFr 225.9m (\$138.9m), and the 30-centime additional levy no less than SwFr 1.19bn (\$734.2m).

The annual total is actually more than is being spent by the Federal Government on motorways, and has been since 1973. This means that the money laid out by the Government is being repaid year by year, the cumulative burden on the national accounts having been reduced from a peak SwFr 2.73bn (\$1.68bn) in 1972 to only SwFr 1.26bn (\$767.8m) last year.

Given an expenditure by the Federal Government of some SwFr 18bn (\$10.9bn) by the end of 1979, all but 7 per cent has therefore been paid back—by the driving public. Within three or four years, it seems likely that the entire Federal

costs to date will have been covered. Whether or not the petrol levies will then be reduced, remains to be seen. Certainly, the exchequer would not seem to be suffering in the long run; it has even been receiving interest on the "advance" made to the motorway programme.

The cantons on whose territory the Gotthard tunnel is located (Uri and Ticino) will find themselves with real costs for construction and maintenance of the tunnel. These are bearable, however, even for a relatively poor canton, since the Federal Government covers between 55 per cent and 97 per cent of costs for motorways. Uri comes in for the maximum 97 per cent contribution, and Ticino for a rate of 92 per cent.

This means little is left for them to pay of the 60/40 per cent cost split arising from the mileage of the tunnel in Uri and Ticino, respectively.

There has not unnaturally been some dismay in Airolo and Bellinzona at the spiralling of tunnel costs, now some 125 per cent above the original estimate. But the small share to be borne by the cantons has not led to financial embarrassment. Uri was last year one of the few Swiss cantons in the black, while the big Ticinese deficit (Switzerland's largest, in fact) cannot be blamed on the tunnel.

The covering of the lion's share of the expenditure on the Gotthard tunnel has meant that Switzerland has not gone the way of other countries in financ-

ing a project of this kind. There was no need to go to the national or international capital market with a bond issue, as had been suggested before the motorways programme was launched, nor have the Swiss favoured the introduction of a toll. This could have taken the form of a turnpike toll for the tunnel itself, similar to that raised for the Arlberg tunnel in neighbouring Austria, or a general-use toll in the form of windscreen sticker. The sticker (or "vignette") idea has been very popular in some circles, but the authorities point out how difficult it would be to check whether vehicles were carrying one; the enforced sale of vignettes at entry borders would, in its turn, discriminate against foreign road users and breed bad feeling—particularly with transit travellers.

When initial estimates were made for the cost of the Gotthard tunnel in June 1969, this was put at some SwFr 368m (\$185.4m at today's exchange rates). The bill is now seen as adding up to SwFr 686m (\$413.7m).

The massive increase in expenditure was subject to comment not only in the "tunnel cantons" but in the country at large. Three Parliamentary questions were put in 1977 and 1978 on the development of costs for motorways in general or motorway tunnels in particular and these led to the publication this year of a Government White Paper on the subject.

The chapter on the Gotthard project shows that SwFr 186.6m (\$113m) of the extra costs

(totalling SwFr 380.2m, or \$230.4m) are attributable to inflation—this single factor thus accounts for nearly one-half of the increase.

Extra cost

A further SwFr 99.3m (\$60.18m), or over one-quarter of the additional cost, is put down to unforeseen expenditure due to geological conditions.

Among other elements are additional projects costing SwFr 39.4m (\$23.87m) and preliminary investments for a second tunnel tube of SwFr 21.5m (\$13.03m).

The authorities do not appear to have let additional costs "happen". As the Government report points out, the tunnel was divided into 26 constructional "objects" with a further six for project work, land purchase and inflation.

An individual credit was set aside for each "object" on the basis of the tenders and subjected to permanent control; any additional credits were granted only on the basis of substantial applications. In Switzerland, the raising of building prices laid down in tenders is never easy and certainly far from automatic, contractors having to bring forward good reasons for wanting to overshoot original estimates.

Given the size and sophistication of the tunnel, even the latest cost figure seems reasonable. Even including anticipated annual operational and maintenance costs of SwFr 6.8m (\$4.12m), a 4 per cent interest on investment costs and a 1 per cent annual depreciation, the authorities believe that the economic gains to be derived from the tunnel will make it a profitable venture from the start.

SIGRIST-PHOTOMETER AG
Zweierstrasse 129
CH-8036 Zürich

SIGRIST Process Photometers measure the opacity and control, according to the measured values, the ventilation within the GOTTHARD Road Tunnel.

SIGRIST Process Measuring Instruments are the embodiment of quality, rigidity and security.

SUNSHINE, HEALTH and TAX ADVANTAGES in SOUTHERN SWITZERLAND

AVAILABLE FOR FOREIGNERS—

LUXURY VILLA WITH SOLAR HEATING

and many other attractive features. Heated pool, eight bedrooms, seven bathrooms, etc. Ready to move in. Price includes fitted carpets, furniture, antiques, etc. SwFr. 4,900,000.

APARTMENT, 3 BEDROOMS, 2 BATHROOMS ETC.

Beautifully furnished SwFr. 500,000

Serious enquiries to:

C. Demaria, P.O. Box 383, 6901 Lugano, Switzerland

Motorway under the Alps

CONTINUED FROM PREVIOUS PAGE

but still enough to add SwFr 99.2m (\$60.1m) to the bill. Beside the main tunnel and divided from it by an average of 30 metres of rock is the so-called safety passage, a narrow tunnel with sufficient space to allow use by maintenance, police and rescue vehicles. This has its own ventilation system and a higher pressure than in the main tunnel. Every 250 metres emergency shelters are built in the separating rock, the safety passage's higher air pressure keeping fumes out of these in case of a tunnel fire.

The ventilation of the main tube has played an important part in the planning of the tunnel. With up to 1,300 private cars (or equivalent) passing through the tunnel every hour, the question of air renewal is a vital one.

The tunnel is ventilated through two inclined shafts and two vertical shafts with heights of between 303 and 543 metres. When there is only light traffic, ducts can be used for axial ventilation, drawing in air from a tunnel entrance and thus saving on power.

A total of 22 ventilators are in operation, special units with diameters of up to 3.4 metres having been developed especially for the tunnel. Some 6.5m kwh per year will be needed to power the air systems.

Constant watch is kept on carbon monoxide in the tunnel, working to a normal maximum content of 150 ppm. Ventilation is adjusted by computer automatically to this and also to visibility conditions—poor visibility resulting particularly from diesel vehicles—and air velocity. An early warning system is provided by vehicle counters well before the tunnel.

For traffic control in the tunnel itself—apart from the necessary signs at the tunnel portals—there are traffic lights every 250 metres, as well as constant reminders of the 80 kph speed limit.

Signs are operated automatically in the case of fire or maximum CO concentration or in other cases, by a controller following reports or observations on the closed-circuit television.

Major fires are automatically reported by a detector, while there are SOS points (with telephone, emergency buttons and fire extinguishers every 125 metres on the west side and

every 250 metres in the shelters on the east side. TV cameras are installed about every 250 metres.

Control centres in Göschenen and Airolo are manned by police for traffic control and an operations team for technical controls and maintenance. They also receive constant reports on vehicle frequency and other traffic conditions as far from the tunnel as Amsteg in Uri and Varenzo in the Ticino, in each case up to the frontier between the two cantons in the tunnel. Each canton takes it in turns to be responsible for the control of the entire tunnel.

Not only operational communications are important, but also those with the road-users. A special cable system will permit car radios to receive programmes the whole length of the tunnel, whereby the tunnel control will be able to intervene with any special message. There are loudspeakers in the shelters in case of emergency.

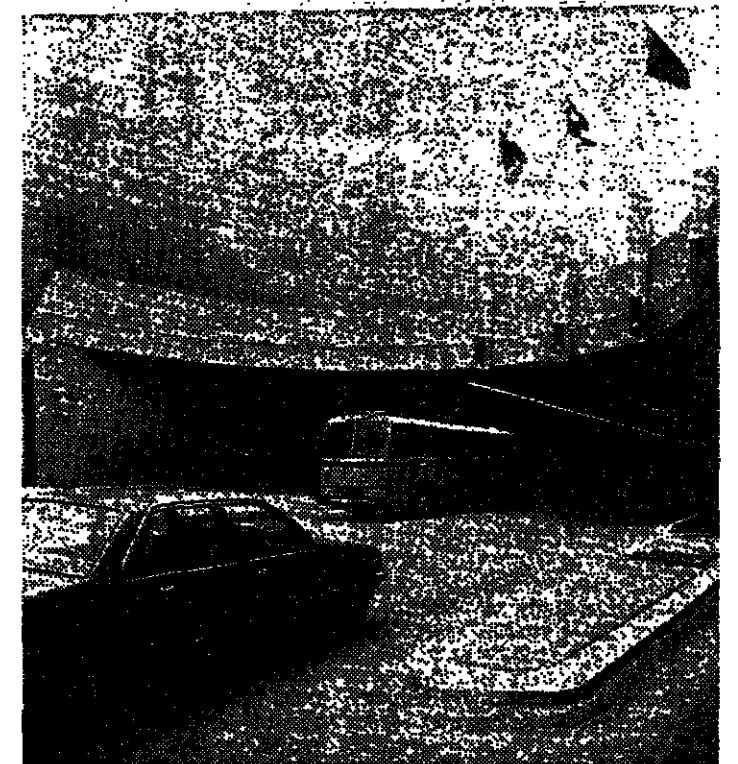
Controversy

There has been some controversy in Switzerland as to the road surface in the Gotthard tunnel. The decision was taken to use asphalt, rather than concrete, as in the nearby Seelisberg tunnel.

The point had been made that a concrete surface would last better than asphalt, as well as giving better reflection and saving on the tunnel's 4m-kwh lighting.

Apart from the financial savings involved in choosing asphalt, those responsible for the Gotthard project pointed out that the protection the tunnel gives to road surface and the only slight temperature fluctuation underground mean it will have a much longer life than would otherwise be the case; no road-mending is expected to be necessary in the next ten years. The surface will also stay dry, due to an excellent drainage layer.

Furthermore the Ticines reported bad experience with concrete due to the surface rubbing smooth and having to be specially roughened up. Not even the reflection factor is seen as important, since asphalt tends to become lighter and concrete more dark over a short space of years.



The northern entrance of the tunnel

**FIDINAM S.A.**Swiss Fiduciary Company
Lugano, Geneva, Giubiasco, Lausanne, Zug, Zurich

We render the following services:

- consultants for corporate, contract and business law
- consultants for national and international tax law
- administration and accounting
- real estate consultants, property management and real estate agent

Head Office: Lugano, via Piotta 14

Tel: 004191 — 21 42 24

Telex: 84 11 55

Related Companies in: Guernsey, Luxembourg, Milan, Monte Carlo, Rotterdam, Toronto, Chicago, Houston, Caracas, Sidney, Hong Kong

HÔTEL MONTE VERITA
CH 6612**ASCONA**

First-class hotel. Terraced rooms with bath-shower overlooking Lake Maggiore. Quiet location, off the main road and its noisy traffic. Large natural park. Open-air restaurant. Swimming pool, tennis. Regular free bus service between the hotel and Ascona.

**PARIBAS**Geneva
Basle-Lugano-Zurich

Banque de Paris et des Pays-Bas (Suisse) S.A.

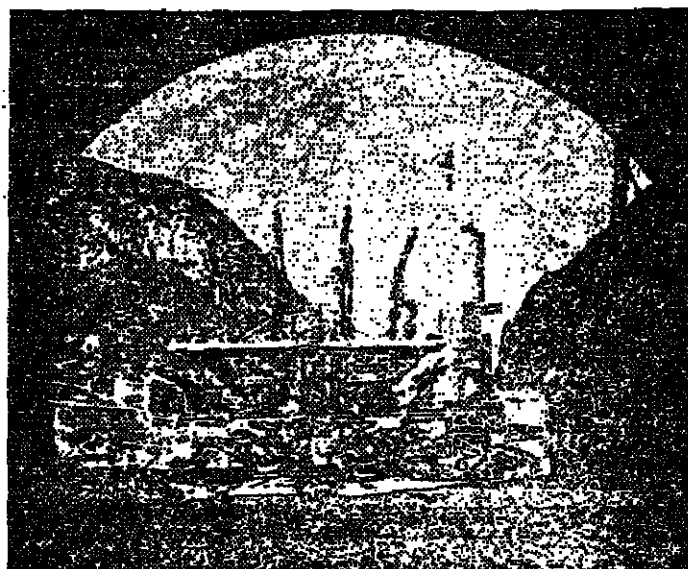
THE NEW ST. GOTTHARD TUNNEL III



HISTORIC DEVELOPMENTS

13th century: Opening up of the first St. Gotthard Pass as a link between the Upper Rhenish and Po plains.
1820: Completion of the St. Gotthard Pass road.
1862: completion of the Göschenen-Airolo rail tunnel.
1960: Swiss Parliament approves national motorway programme.
1965: Parliament approves plan to build Gotthard road tunnel as section of N2 motorway.
May, 1969: Contracts awarded to two Swiss building consortia.
Autumn, 1969: Work on tunnel begins. (Official inauguration of work in May, 1970.)
March, 1976: Penetration of safety passage.
December, 1976: Penetration in main tunnel tube.
February, 1977: Completion of tunnelling work.
April, 1978: Completion of "bare" building work.
September, 1980: Opening of road tunnel.

An engraving, left, shows work on the rail tunnel in 1875. Right: a modern "drilling jumbo" during construction at the north entrance of the new road tunnel.



Important gateway to the Ticino

THE OPENING of the Gotthard road tunnel is a very important event for the Ticino, Switzerland's Italian-speaking canton in the south. The Ticinese have always been at a disadvantage from being on the "wrong side" of the Alps from the rest of the country. The existence of a motorway section between Göschenen and Airolo, under the pass, does a great deal to put this right.

The isolated situation of the Ticino was a major consideration in the original decision to lay the tunnel. An all-weather link between all parts of the country is a long-standing aim of Swiss transport policy.

The Gotthard Pass, already carrying up to 20,000 vehicles a day by the early '60s, is regularly closed by snow between October or November and May. The alternative has been to load vehicles on to flatbeds for ferrying through the rail tunnel, a system with obvious capacity limits on a high-frequency route.

The accessibility of the Ticino was improved by the building of the San Bernardino road tunnel as part of the N13 motorway from eastern Switzerland to Bellinzona. But this route is definitely out of the way for the bulk of national and inter-

national traffic, quite apart from the substantial gap in the motorway at the difficult terrain south of Coire.

The Lukmanier Pass, closed for a good four months of the year, is no alternative, and the Simplon route means crossing a broad spur of Italian territory before re-entering Switzerland west of Locarno.

Communications to and from the southern canton will thus become much better as of today. There will be considerable savings for the national economy and for the private traveller from the avoidance of a 6,800-foot pass or a SwFr 80 rail-shuttle fare. There will also

be a real boost for the tourist industry, one of the pillars of the Ticinese economy.

The most obvious advantage will be the increased speed and comfort with which German-speaking Swiss can cross the Alps. With the new tunnel, the trip between Lucerne and Bellinzona will take only 1½ to 2 hours, that from Zurich not much longer. This means that more people can be expected to spend a weekend in the Ticino, which is generally warmer than the northern cantons, and possibly to buy or rent holiday homes there.

While the southern parts of the canton around the Lake of Lugano and the Lago Maggiore will remain the main tourist attraction, the less-developed Leventina area in the north along the upper reaches of the River Ticino could benefit—not least by holiday-home custom. Airolo, and the Carl winter-sports area there, are thinking of advertising in central Switzerland.

Domestic custom is of prime importance to Ticinese tourism. Unlike many other Swiss resort areas, it is frequented more by the Swiss themselves than by foreigners. Nevertheless, foreign visitors bring a lot of money into the Ticino, particularly those from Germany and Holland.

Apart from hotel accommodation, which provided 1.36m bed-nights for foreign tourists last year, there is a large-scale use of holiday apartments, private rooms, and camping sites.

The tunnel could help to promote the flow of foreign tourists. The southern canton has become easier and cheaper

to reach. Indeed, Ticinese resorts are today close enough to South German urban centres to attract a certain amount of long weekend traffic.

In a north-south direction there is expected to be a certain amount of extra private traffic from nearby Italy generated by the Gotthard tunnel itself as a tourist attraction.

As with other parts of Switzerland, the Ticino has lost a lot of foreign business in the tourist sector in recent years, largely due to the strength of the Swiss franc. In fact, prospects were beginning to improve again, even before the opening of the tunnel. In the first five months of 1980, Ticinese hoteliers rejoiced in a 29.4 per cent rise in the number of foreigner bed-nights in comparison with January-May, 1979. Together with an improvement in Swiss custom by 13.2 per cent, this meant an overall 20.5 per cent improvement in business.

More visitors

Visitors from Britain to the Ticino were up in the same period by no less than 48.2 per cent in terms of accommodation nights, this after years of decline.

The combined results of a more stable Swiss-franc rate and the new trans-Alpine link are not likely to mean that the region will be over-run. Transport experts point out the capacity limitations of the two-lane tunnel. The Gotthard route will not be able to take any more traffic than that under the San Bernardino. Also, the Ticino has plenty of spare accommodation for most of the

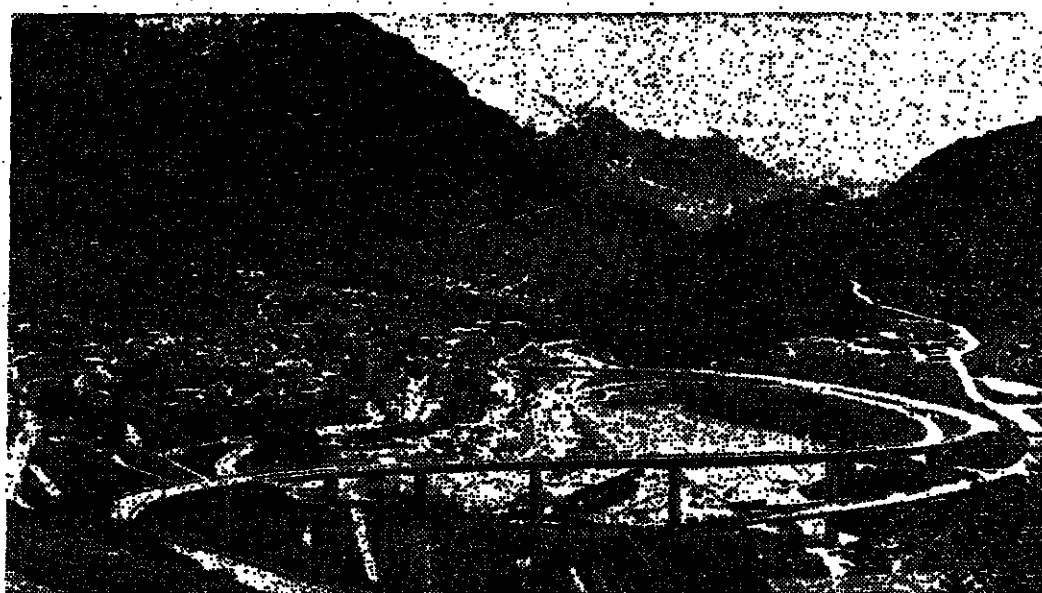
time. In 1979, hotel-bed occupation rate was of an average 39 per cent.

For the large volume of transit flowing through the Gotthard, the Ticino will have to try to draw custom off the motorway. The easing of the north-south axis will, in some cases, mean less business for hotels, boarding houses and restaurants—a German tourist can now even do the cross-Switzerland trip from Basle to Chiasso without stopping to eat. Airolo, just to the south of the tunnel, could initially lose some car and coach customers, as could other towns and villages being successively bypassed as the N2 and N13 motorways are completed. Less traffic might also now use the San Bernardino route.

To help counter this, the Ticinese are planning to distribute tourist information at motorway service stations, rather in the same way as the little canton of Uri to the north of the Gotthard.

At the same time, the cantonal tourist authorities are approaching coach operators in the Grand Tour field, such as those organising comprehensive trips around the Continent for South and North American visitors.

Not everyone, incidentally, is happy about the scrapping of the rail shuttle for private cars under the Gotthard. Some hotel-keepers have reported that elderly clients would prefer the flat-back ferry to the long drive of more than 10 miles through the road tunnel. They obviously trust the train driver more than fellow road-users.



Airolo, just to the south of the tunnel, in the Italian-speaking canton of the Ticino

A mixed blessing for the canton of Uri

NOT EVERYONE welcomes the opening of the Gotthard tunnel. For the canton of Uri, to the north of the pass, it comes as very much of a mixed blessing. While its village streets will become much quieter and less congested, the N2 motorway leading up to and through the tunnel will draw off a great

deal of important custom. Most cars will drive through Uri in less than half-an-hour—and without using the services of local shops, filling stations, hotels or private lodging either side of the road.

The canton is not particularly well-to-do—its income per capita is 20 per cent below that

for Switzerland as a whole, and its economy will definitely feel the loss of business along the old Gotthard route. Rather than sitting down to lament cruel fate, though, Uri has launched a number of self-help measures to win the tourists back again.

The most interesting move here is the attempt to tap the transit traffic on the motorway itself. The new roadside services complex known as the "Gotthard-Raststätte" on the N2 between Erstfeld and Scatdorf, about 16 miles north of the tunnel, provides the means to this end. Opened in May of this year, the SwFr 10m project is very much a local effort. The filling stations were built by a group of garages in the canton, while Uri hotel and restaurant owners got together to run the catering side; the overall concession is held jointly by the two organisations.

Apart from providing restaurants and petrol pumps on both sides of the motorway, the service station incorporates "Information Uri." This consists of two publicity units (similar, but on a smaller scale to the "welcome centres" of certain American states), also one on either side of the road.

These units provide information on the canton and its tourist facilities, with attendant staff giving personal advice, booking hotel or boarding-house accommodation, and changing currency. The importance attached to this service—where tourists can also obtain facts pamphlets on other parts of Central Switzerland to the north or the Ticino to the south—is shown by the fact that the site is now the official home of the Cantonal Tourist Board.

Proud people

At the same time, some travellers are hoped to be won back to the old drive by the designation of the cantonal high road as a "Historic Route" from the Urnersee (the upper section of Lake Lucerne) right up into the mountains. The necessary "labelling" should be completed by early next year. Uri is very proud of its past, having been the scene of the first Swiss confederates' oath-taking in 1291 and—rather less historically, perhaps—of much of the William Tell saga.

The canton is being realistic about its chances as a tourist centre. With only some 3,475 hotel beds, only some of which are available all the year round, and a total resident population of 33,700, Uri is hardly about to become a major holiday area.

For centuries, the canton has been a staging post on the main north-south axis and the aim is still primarily to attract passers-through for a night or a meal. The major potential here lies with the Germans and other northern holiday-makers on their way to and from Italian resorts.

The authorities realise, too, that not many tourists will leave the N2 there and then to sample the food, accommodation, shops and swimming pool facilities to the left and right of the autobahn. Even fewer visitors are likely to decide on impulse to spend a holiday in Uri. But the chances are better of attracting outward-bound tourists to visit the canton on their journey home.

Pleasant area

In the longer term, though, Uri does hope to win more substantial custom. The canton has become easier to reach with the opening of the Gotthard route and the approaching completion of the Seelersberg tunnel, for Swiss as well as for foreign tourists, and is undeniably a very pleasant area for a holiday.

The resorts on or near the lake like Flüelen, Aaldorf or Baar already attract plenty of summer visitors. Andermatt (on top of the Gotthard, above the tunnel) is open for business in summer and winter, and there are a number of smaller winter-sports centres open in the season.

Theme holidays are also a future opportunity for Uri. Future programmes are intended to include hiking, farm, alp or even angling vacations. Self-help is likely to remain the key to Uri's tourist policy. The canton itself is investing money in the attempt to draw drivers off the motorway: apart from putting SwFr 250,000 into the "Gotthard-Raststätte," it is prepared to match one-for-one income from a new lodging tax of 30 centimes per bednight foreseen by a new economic development law. This law must first, however, be passed in a cantonal referendum, during the autumn.

Support is also provided by the Central Swiss Tourist Office in Lucerne, of which the Uri body is a member, and by the Swiss National Tourist Office. The cantonal tourist organisation may now be able to step up its publicity outside the canton—which hitherto consisted largely of the distribution of pamphlets through the SNTPO—particularly if the bed-night levy and its Governmental matching are accepted.



Southern Switzerland

casts a special spell in the autumn, for

here you can even in autumn enjoy summer weather;
here you can still swim in the warm, clean lake;
here you can wander close to nature arrayed in splendid colours;
here you can go on innumerable trips by boat, bus, train and funicular;
here you can visit places and attend events of cultural interest;
here you can still eat outdoors.

So you, too, will be spellbound by Lugano.

Information: Swiss Tourist Office, Swiss Centre, 1, New Coventry Street, London W1V 3HG (Tel. 01/734 1921)
Travel Agencies and Lugano Tourist Office, CH-6901 Lugano (Tel. 091/21 48 64)

First Class

hotel
olivella
AU LAC

CH-6932 Morcote
Lago di Lugano
Tel. 091/69 17 31
Telex 79535



Via Camparolo, 11, Loc. S. Maria, Lugano



BANCA DELLA SVIZZERA ITALIANA

HEAD OFFICE AND GENERAL MANAGEMENT: LUGANO - SWITZERLAND
BRANCHES AND AGENCIES IN SWITZERLAND: Bellinzona, Chiasso, Locarno, Mendrisio, St. Moritz, Zurich, Agno, Airolo, Biasca, Faido, Giubiasco, Melide, Savosa, Tesserete, Viganella, Acquarossa, Bignasco.

BRANCH ABROAD: Nassau (Bahamas).

REPRESENTATIVE OFFICES ABROAD: Caracas, Paris.

AFFILIATED BANKS AND COMPANIES ABROAD: Banca della Svizzera Italiana (Overseas) Ltd., Nassau (Bahamas); Banca della Svizzera Italiana Securities Corp., New York; B.S.I. Services (Guernsey) Limited, St. Peter Port, Guernsey (Channel Islands); Compagnie Monégasque de Banque, Monaco; Société Européenne de Banque, Luxembourg.

AFFILIATED BANKS IN SWITZERLAND:

ADLER BANK
BASLE

BANQUE ROMANDE
GENEVA LAUSANNE MARTIGNY



1873

THE ARTS

Cinema

The awful truth by GEOFF BROWN

In a Year With Thirteen Moons Electric Cinema Club.
Surprise (A) Scala.
Rough Cut (AA) Ritz.
Barlequin (X) Classic Haymarket.
Heart Beat (X) Gate 2.
Chapter Two (A) Odeon Leicester Square.

"Enjoying the food?" Burt Reynolds asks his heroine, pretty working through a Chinese meal in Don Siegel's dreadful new film *Rough Cut*. "My teeth are appalling!" she says with a smile—an exchange so awful, so ridiculous, that it has nagged and tormented this critic all week like a stone permanently stuck in a shoe. But it seems the

perfect grim epitaph for a week so well-endowed with the awful and ridiculous that there was scant cause for applause from any part of the anatomy.

The major exception was Rainer Werner Fassbinder's *In a Year With Thirteen Moons*, made in 1978, a year which did indeed have 13 moons—something guaranteed to bring serious trouble, the director says, to those with turbulent emotions. Elvira/Erwin, the film's main character (very well played by Volker Spengler), has them in abundance, particularly after the man for whom she had her sex operation leaves her. Fassbinder takes his heroine/hero, tottering stiffly with handbag and high heels, through a chain of chance encounters and

visits, which fill in Elvira's biography and predicament. There is Erwin's separated wife and the friendly prostitute Zora (another good performance by Ingrid Caven); the slaughterhouse where he was once employed (eyes may have to be averted here); the orphanage Sister who lavished affection on Erwin as a boy. The climactic encounter is with another old acquaintance—a pitiful racketeer Anton Saltz, who turns when his surname is spelled wrongly and idles the day away with his favourite henchmen watching a Martin and Lewis film on television while others perform his robberies and shootings.

Fassbinder wastes so little time plunging us into his curfew world of homosexual strife—the opening is a flurry of probing hands, painted faces and downcast trousers—that some may feel themselves alienated, or at least feel a strong sense of *déjà vu*. But stay with this film, for it does provide a clear demonstration of one of Fassbinder's main strengths—his belief in the primacy of narrative and character in a branch of cinema too often characterised by unyielding incoherence. For Fassbinder's unique achievement, here and elsewhere, has been to master all the techniques of vintage Hollywood and aim them at the kind of environments, activities and emotions Hollywood traditionally sweep under the carpet. For all the bizarre detail that surrounds her, Elvira/Erwin's predicament grips the audience just as much as the heartaches of Joan Crawford or Barbara Stanwyck. But instead of setting the action in plush American offices, homes and beach houses, Fassbinder focuses on the cold unfriendly corners of Frankfurt, its garish bars, bare apartment stairways, empty business offices where a man finally comes with a length of rope to hang himself. It's a film filled with odd humour, unsettling moments, but suffused throughout with sympathy—both for those like Elvira, made too vulnerable by their sensitivity, and those like Anton, deliberately cut off from their deeper feelings. (No certificate, club showing.)

Applause is justified, too, by the Scala Cinema's selection of silent films from the Fox Film Corporation, beginning tomorrow with a three-day run of Murnau's *Sunrise* (1927). Allowances may have to be made for the fake simplicity of the story in this "song of two humans," to use the film's

quaint subtitle (under duress from a "woman of the city" a farmer almost drowns his wife but comes to his senses and is forgiven at a speed unlikely to endear the film to ardent feminists). But Murnau builds such staggering, intoxicating sequences from these bare foundations. *Sunrise* is a film constantly in motion. When Murnau's camera isn't delicately tracking through an idealised countryside (with a full moon shimmering across mists and water), it stands still in an equally idealised city to capture a tumult of conflicting movement within the frame. There are furious jazz bands, traffic chaos (pedestrians, trams, cars), funfair fireworks and rollercoasters. The result is one of those precious films where the style becomes the meaning, for the story counts for nothing besides these visual impressions of delicious passion and heartbreak, the hypnotic but conflicting sensations of city and urban life. It's a film to open one's eyes to cinema all over again.

But some of the other releases this week are almost films to close them. *Rough Cut*, for instance: an appalling, vacuous story about a complicated diamond theft masterminded by London-based super-thief Burt Reynolds (less personable than usual) and the stunning kleptomaniac Lesley Ann Down (the lady with the applauding teeth). Also involved—to no effect—is David Niven, taking a break from writing autobiographies and drinking coffee to play a Chief Inspector anxious to bow out of the force in a blaze of glory. The film plainly attempts to be an updated, dirtier version of Hollywood's caper comedies of the Thirties, and fails in every way possible. The script is inept, Siegel's direction mostly imperceptible. Some subsidiary players ham it up charmingly (Patrick Magee for instance), but the main trio are cardboard.

Then we have *Harlequin*, an Australian production aimed so feverishly at the international market that the action takes place in a glossy no man's land, peopled by English, Americans and very subdued Australians. Audiences may therefore be far more preoccupied trying to decide on the geographical location than working out the riddle posed by the film's advertising poster: "Robert Powell... magician or murderer?"

The failure of John Byrum's *Heart Beat* is more annoying.



Nick Nolte in 'Heart Beat'

Edinburgh Festival

Chéri by CLEMENT CRISP

Léa de Loval, the heroine of Colette's *Chéri*, at the King's Theatre, is a *grande horizontale* approaching the abyss of her 50th year, and enjoying an affair with the beautiful Chéri, young enough to be her son. She is a woman of refinement, great allure, and maturity that is emotional as well as physical. It is the single merit of Peter Darrell's balletic version of the tale, given its first performance by Scottish Ballet on Tuesday night, that he should have cast Calina Samsova as Léa. Samsova's warmth of temperament, her discretion as an artist, her lovely sensitivity of movement which can make the least gesture redolent of feeling, are admirably used. They justify the piece because allowing us to see the physical semblance of Léa, even though the ballet does not help us to understand her story.

The abstracting of a dramatic skeleton from the luscious flesh of Colette's novel seems wifely, if not a bit tedious. Darrell has been aided in the task by Colette's daughter. Dance cannot replace the stylistic flesh, in a work where the flesh is all, and we are left with no more than the bony clatter of a synopsis as the central pair dutifully enact while subsidiary grotesques strut and fret around them. *Chéri* is taken by Patrick Bissell, a guest from American Ballet Theatre. Tall, handsome, he does what he has to do well enough—and Darrell has been at pains to put in a classical variation in which Bissell's fine technique is briefly shown—but the sensual grace of the beautiful youth on whom Léa's pearls look better than on their owner

is not Mr. Bissell's genre. It is the loss of the physical pungency of Colette's writing, and of her amusement at the ritual behaviour of the demi-monde—and Léa's allegiance to it—which appear to me fatal to the enterprise of making *Chéri* dance. In evoking the Belle Époque Darrell has been admirably helped by his designer, Philip Prowse. Pale "modern-style" panels, shutters, hints of foliage, are used to suggest Léa's room and the garden of Chéri's home. Costuming of fashion at the turn of the century—the hats are notably good—and Prowse has had fun in dressing one amazonian female

Albert Hall/Radio 3

Curzon by DOMINIC GILL

There may be no rhyme or reason to it, but I have always sensed in Beethoven's Emperor concerto the climate of a bright, fierce winter's day—even the slow movement has the still and peace, and the innocence, of a dormant winter landscape. At Wednesday's Prom, with the Scottish National Orchestra under Alexander Gibson, Clifford Curzon brought summer to the Emperor, and some of the soft regrets of autumn. The first allegro, unfolded in leisurely fashion, barely faster than the slowest possible pace—even its most pungent moments were delivered with fulsomeness and gummy deliberation.

Technically, the SNO were never at their best—and in one or two bad patches positively

uncouth in their ensemble. Few sparks were struck. Curzon seemed ill at ease. We know from an early, treasured LP recording with Knappertsbusch how noble and incisive his Emperor can be; but here there was little to support him—and we were left with a performance of parts and fragments, and all manner of familiar trademarks: the broad tonal palette, the delicate voicing and bell-like pianissimo, the sudden illuminating twist of phrase. The adagio was turned with the sweetest simplicity, and in some parts with an almost Brahmsian autumnal desolation: strange, and strangely affecting. The actual tempo of the finale was not slow, but the orchestral impulse was consistently sluggish, and the partnership never completely certain in its sympathies—every moment that seemed to herald a satisfying fusion would bear off at cross-purposes the next.

The SNO's evening ended with Carl Nielsen's fifth symphony, and began with Thea Musgrave's *Memento Vitae*, subtitled "Concerto in homage to Beethoven," composed for BBC Scotland to mark the bicentenary of 1970. A sturdy, well-crafted score, studded with quotation and allusion, and woven with gentle songlike threads—a lyricism which, so often in Musgrave's work, and however unlyrical the basic impulse, carries the seed and imprint of the music, and its most lasting impression.

Wigmore Hall

Lindsay Quartet

Over the next 10 days the Lindsay Quartet is playing all four of Michael Tippett's string quartets in the Wigmore Hall. Three of the quartets will also contain a work from Haydn's set of quartets Op. 20; the Lindsay will include the other three from Op. 20 with a Bartok cycle it is to give next February. On Wednesday the series opened, with Haydn's Op. 20 no. 1 in E flat, and Tippett's first quartet.

Chronological order is very neat and tidy, but it does not always make for the most sensible programming. Tippett's first quartet is by a long way the least gratifying of the canon: its polyphony is terribly

earnest—Tippett had not long completed his lessons in counterpoint with R.O. Morris—and its incessant quaver working in the outer movements self-consciously borrows Hindemith's neoclassicism. (A pity that out of natural curiosity and a sense of completeness the Lindsay could not have been prevailed upon to include as an appendix Tippett's discarded first movement for the quartet; its relationship to the opening of the fourth quartet would have been fascinating to hear.) Neither was it played with the feeling for line and shape which, at least on disc, the same performers lend to the second and third. In this performance it was difficult to believe that

the style of the last movement would, within a couple of years, yield the finale of the concerto for double string orchestra; even the central *lento* did not stretch out on the main melodic line.

Such an unhappy performance had been prefaced by a no more satisfactory account of Haydn's E flat quartet—uneasy of intonation and too happy to settle for a comfortable, unrevealing neutrality. Dynamics also, could have been more carefully shaded, as they could in Borodin's second quartet, which made an illogical second half. An unpropitious beginning.

ANDREW CLEMENTS

Old Vic

Macbeth by B. A. YOUNG

There is a long piece in the Old Vic programme headed *Macbeth: A History of Disaster*, and this production will give them another paragraph for the next edition. Perhaps it was a mistake to combine a director whose work has been confined to the cinema for virtually the whole of his directorial career with an actor who has never played Shakespeare on the stage for the best part of 20 years. Add a designer who has never before designed for the stage, and you are asking for trouble. Sure enough, trouble comes.

Keith Wilson, the designer, is perhaps least to blame. His set is old-fashioned—a stepped platform upstage with a pattern of dead trees behind it and a series of backcloths to set the scenes—but it serves its purpose even if it does not enrapture the eye. The director is Bryan Forbes, and I ask myself how much freedom he had in casting, for it is clear quite early in the evening that Peter O'Toole isn't going to be even a tolerable Macbeth.

I won't go into detail about his languid movement, his slow, oddly accented speaking of the lines, his unwillingness to show any difference between the young, ambitious Macbeth of the first act and the worn-out Macbeth of the last. His fight with Young Seward, both of them slashing inaccurately with two-handed sabres, raised laughter around me: his final encounter with Macduff was wisely held offstage after the first few passes. Mr. O'Toole hardly seemed to realise that "creeps in this petty pace" is part of the sentence that starts with "Tomorrow and tomorrow and tomorrow," and put a full-stop in between them.

But picking on wrong accentuation is not a profitable business. Wrong pronunciation is easier to correct; Fieance, for example, is not a French Fieance, originator of the audacious alliance, but a full-blooded Scot and the ancestor of our present queen. His father Banquo is a solid, rough man who speaks always in a fortissimo roar as Brian Blessed plays him. Other eccentricities include a girl (Hilary Reynolds) as Macduff's only pretty child, and three wailing girls as witches, who sing the recipe for their hell-broth in three-part harmony. (No credit in the programme. Most of the sound, apart from the prevalent thunder, is *musique concrète*.) The Porter (Gerald Sim) is



Peter O'Toole and Frances Tomelty

so drunk when he comes on stage that he has to lie prone on the stage, but recovers sufficiently to trot out his jokes, though they didn't sound awfully funny. To look on the bright side, there is an unexceptionable Lady Macbeth from Clive Wood as Malcolm speaks the verse as verse and makes it sound good. What none of them do, and this must be laid at Mr. Forbes's door, is to raise any excitement in this potentially most exciting play.

A FINANCIAL TIMES SURVEY

NIGERIA

The Financial Times proposes to publish a 40-page special Survey on Nigeria this autumn. It will appear in two sections, on September 29 and 30. The Survey coincides with the first anniversary of Nigeria's return to civilian rule, after nearly fourteen years under a succession of military governments. The Survey will aim to bring readers up to date on all major issues.

Editorial coverage will include:

THE ECONOMY The major article in this section will give an overall view of the Nigerian economy covering developments over the past year and prospects for the future. Balance of payments, foreign trade and the performance of the major sectors of the economy including industry will be covered, as will the country's development plan's performance.

ENERGY The main article will cover all aspects of the Nigerian Oil Industry, the "engine" of the economy. There will also be a review of gas and coal and the section will include a profile of the national oil corporation.

THE FINANCIAL SECTOR Nigerian banking and insurance, the stock exchange, as well as the country's borrowing from abroad. Additional articles and tables are to cover subjects of interest and use to the would-be investor.

INDUSTRY

DOING BUSINESS WITH NIGERIA

Part II (to be published on September 30)

POLITICS
THE LAND
COMMUNICATIONS
THE SOCIAL SECTOR

Copy date for advertisements: September 9, 1980.

For further information and advertising rates please contact:

Helen Lees
Financial Times, Bracken House
10 Cannon Street, London EC4A 4BY
Telephone: 01-248 8000 Ext. 238 Telex: 885033 FINTIM G

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The contents, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

LAST 7 PERFS
Lyttelton: from tonight
until Weds (mats)
tomorrow & Tuesday

Arthur Miller's
acclaimed and multi-
award-winning
DEATH OF A SALESMAN
"A triumphant
production"
(Peter Lewis, D.Mat)

WARREN MITCHELL
"A towering achievement"
(Clive Birchall, S. Express)

SPECIAL STANDBY
TOMORROW MATINEE:
from 10am
unsold seats £2.50
NATIONAL THEATRE
01-928 2262

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

Telegrams: Finantime, London FSA. Telex: 8354871

Telephone: 01-243 8000

Friday September 5 1980

OPEC's oil price plans

A CUT of 1m barrels a day in Saudi Arabia's oil production, which is likely to come into force for the last quarter of this year, should not make much immediate difference to the oil market. But it could pave the way to the implementation of OPEC's long-term strategy, which would mean steady but largely predictable rises in the oil price.

High stocks

Saudi Arabia raised its production ceiling from 8.5m b/d at the end of 1978 to make up for some of the shortfall of Iranian production as a result of the revolution. On its own the 9.5m b/d production level was not enough to prevent the oil price spiral that then set in. But the spiral is now over and the long-predicted glut has arrived. Crude oil stocks in the non-Communist world are at a record level of 5bn barrels, enough for 100 days' consumption; the creeping recession has sharply depressed demand; and as a result some spot market prices have even fallen below \$10 a barrel.

Some analysts of the oil market argue that, even with the Saudi cut in output, it might take a full year for the market to absorb the accumulated surplus and it could be longer before the market became tight again. But the Saudi move and the coming winter mean that stocking of oil is likely to peak quite soon.

Indexing

What is important is that the Saudi action comes just before the OPEC Ministerial meeting in Vienna at which the organisation's long-term strategy will be discussed. A majority of OPEC members have agreed in principle to the strategy whose key point is that the price of crude would be indexed to reflect the inflation rate of OECD countries, the fluctuations of 10 major currencies and the growth of their GNP's.

The intended result would be quarterly oil price rises marginally in excess of the inflation rate, with a greater degree of security of supply. To achieve market conditions for index-

ation to operate there would have to be programming of production among OPEC members to match supply and demand—something which the organisation has never achieved, and which Saudi Arabia has not hitherto contemplated.

Concession

These OPEC members, Iran, Algeria and Libya, have opposed the indexation formula, preferring the oil price to rise in accordance with the OPEC States' own (usually higher) inflation rates and their (better) growth rates—which would lead to exponential oil price increases. The drop in Saudi production levels was a concession considered necessary to win the adherence at least of two of the dissenting States to the majority position. Iran, however, has said it will not attend the Vienna meeting, whose decision will anyway have to be ratified by the OPEC summit in Baghdad in October.

Another consequence of the Saudi action is likely to be the unification of the OPEC official price, which in effect means Saudi Arabia raising its price from \$28 per barrel to the \$32 per barrel charged by other members. This would be achieved either in one jump or in two stages.

Free-for-all

The implementation of the OPEC long-term pricing proposals would mean a remarkable transformation in the nature of the organisation. Up to now, because it has not controlled overall production in any way, it has not been able to maintain prices in real terms at times of weak demand; and it has not been able to resist a leaping free-for-all when demand is strong and supply constrained. The new strategy requires that OPEC States do not undercut each other in bad times and exercise restraint in good for a disparate and often unwieldy body that is a major challenge.

A greater predictability in pricing and supply would have advantages for the consuming nations, but a reduction in their dependence on oil, and on OPEC oil in particular, must remain a firm objective.

Offsetting the inflows

THE SETBACKS which the Government's economic strategy has been suffering are reflected just as clearly in the relatively abstruse figures of the balance of payments capital account, published yesterday, as in the more widely publicised statistics on unemployment and earnings. At a time when oil production should have been providing the British economy with large current account surpluses, the North Sea's most remarkable effect has been to produce an unprecedented boom in foreign purchases of gilt-edged stock and to overwhelm the sterling money market with "hot money" from abroad. This wave of foreign inflows has easily swamped the modest growth in British investors' claims on other economies which will be Britain's best assurance of continuing prosperity once oil production declines.

Deposits

The way that high interest rates have sucked foreign money into Britain and boosted the exchange rate is indicated by the \$900m rise in foreign gilt holdings during the second quarter of this year, compared with an increase of only \$17m during the first quarter. When dollar interest rates were temporarily sky-high, money market and bank deposits grew by \$1bn in the second quarter, compared with \$259m in the first quarter and \$293m in the whole of 1978.

At the same time capital outflows, on which great hopes were pinned last autumn when the Government dismantled Britain's creaking panoply of exchange controls, have not yet developed on anything like the scale required to offset the impact of oil and foreign inflows on the exchange rate. Both portfolio and direct investment are considerably higher than a few years ago, but neither seems to have increased very significantly since the abolition of exchange controls.

Interest rates

Particularly in the case of portfolio investment, which actually fell from \$494m in the first quarter to \$289m in the second, this is hardly surprising, since British fund managers, like their foreign counterparts, are bound to be attracted by Britain's high in-

terest rates and the apparently favourable prospects for sterling. When the trend in sterling interest rates turns decisively the chances of much larger capital outflows will be improved greatly.

Fiscal stance

It will only be when the effects on interest rates of the Government's unbalanced monetary and fiscal stance become less pronounced and when interest rates move down towards the levels available on other currencies, that a judgment will become possible on one of the most fundamental questions about Britain's economic future: will Britain's investors be able and willing to acquire new assets on anything like the scale required to extend the benefits of the North Sea bonanza well beyond the end of the next decade?

The scale of the challenge is considerable, but so are the possible benefits. It has been calculated that if one half of the revenues from the North Sea were invested at a real return of 3 per cent, the extra consumption provided by the other half of the revenues could be maintained indefinitely, assuming that the price of oil remained stable in real terms. To achieve this outcome would require the investment of something like \$5bn a year in addition to the \$2bn or so which the UK private sector had been investing abroad before the era of North Sea oil.

Counterpart

In 1979 UK private investment overseas amounted to \$6.4bn, with the largest contribution coming from the oil industry. This figure and the \$3.7bn invested abroad in the first half of this year suggest that the sort of levels of overseas investment required to prolong the benefits of the North Sea could be achieved, if the net effect was not offset by even larger capital inflows from abroad. If these capital inflows came to an end, the inevitable counterpart of a massive programme of overseas investment would be a current account surplus, built up by a prosperous domestic economy on the basis of a more realistic exchange rate. This is the long-term hope held out by the success of monetary control and a reduction in interest rates.

Exports: it may be only an Indian summer

STERLING has risen steadily against other currencies since mid-1978 and has now topped \$2.40 for the first time in more than five years. Industrialists are puzzled, especially since British exports have held

up relatively well so far this year, reports Peter Riddell. And (below) Paul Cheeseright looks at some British exporters that are still winning orders in spite of a general decline in optimism

"IT IS very difficult to understand why the exchange rate is where it is now. Under any of the main theories of exchange rate determination, it is considerably higher than one might have analytically expected."

Many industrialists share the puzzlement expressed by Mr. Charles Goodhart, Chief Adviser, Bank of England, in his evidence to the Treasury and Civil Service Committee of the Commons in July. To them the rise in sterling—above \$2.40 for the first time in 5½ years—makes no sense at all. They are pessimistic about future exports and their margins are already being tightly squeezed. Yet there is a further puzzle—Britain's exports have held up relatively well so far this year. Indeed, the current account was in record surplus in July.

It may be that this is really no more than an "Indian summer" for exporters, but there is certainly no shortage of explanations for the strength either of sterling or of exports. None are, however, of much comfort to industry which is trying to come to terms with the central problem that the old yardsticks for forecasting exchange rate movements have proved invalid.

Even sophisticated forecasting techniques based on movements of relative prices and money supply and trade flows have not worked.

For example, in July last

year the London Business School forecasters—then headed by Professor Terry Burns, now the Treasury's chief economic adviser—projected that the average value of sterling against other currencies, known as the trade-weighted index, would decline by 7½ per cent in the year to this summer.

In the event, the index rose by more than 7 per cent. The Old yardsticks have proved invalid

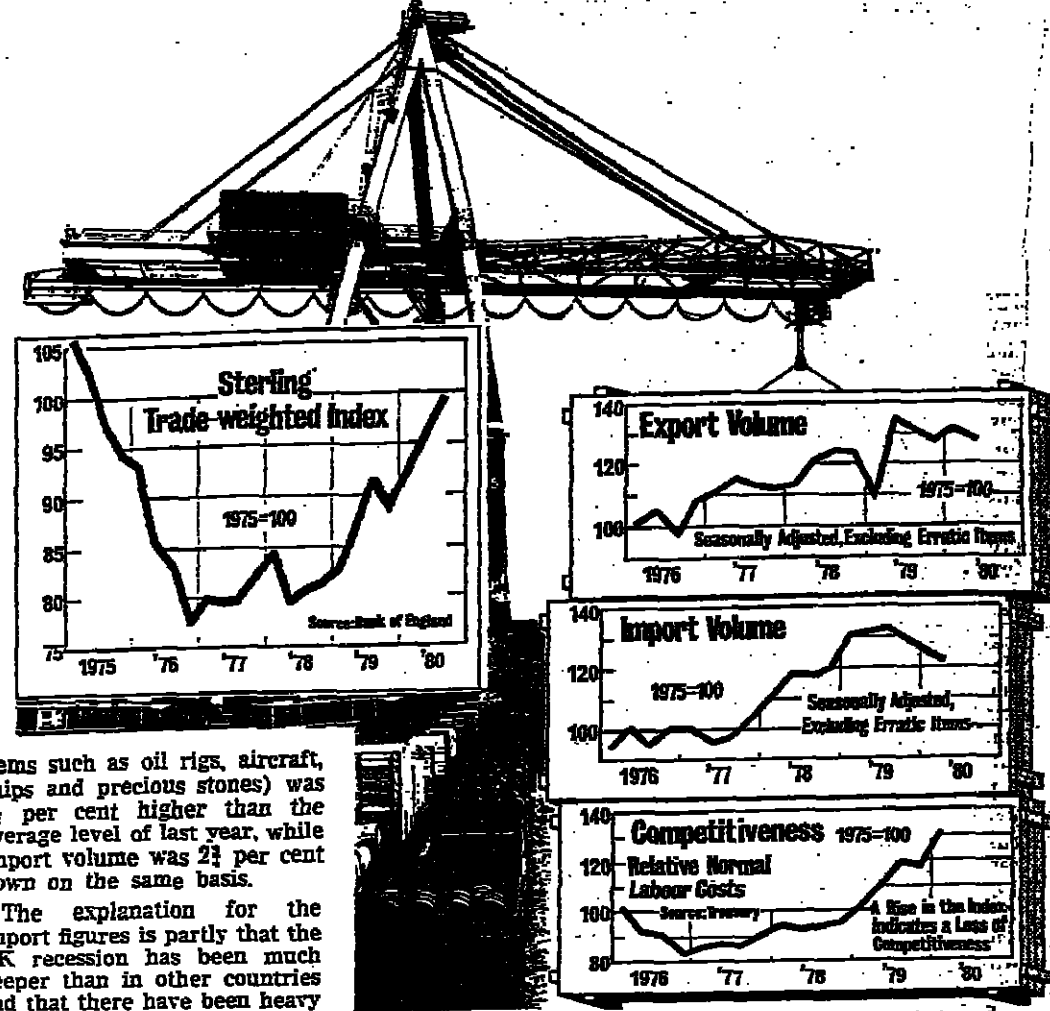
Business School was neither alone nor atypical in its margin of error.

The strength of sterling can be attributed to several factors. North Sea oil is undoubtedly part of the story—not only because of the direct impact on trade in oil but also because of capital inflows attracted by Britain's especially favourable position among industrialised countries as a major oil producer. This has mattered because of the big rise in the last year—up to between \$120bn and \$150bn—in the surpluses of the oil-producing states available for investment. There has been a change in the composition of the portfolios of the oil producers in favour of sterling. This has in turn been affected, particularly this year, by the high level of interest rates in the UK relative to returns available abroad.

Whatever the mix of influences, sterling has risen steadily against other currencies since mid-1978. This reduces the relative cost of imported goods, and increases the relative price of British goods, benefiting the consumer but hurting the producer. In practice, competitiveness is affected by the real exchange rate after adjusting for the rise in Britain's costs relative to those overseas.

By any yardstick the competitive position of British goods has worsened significantly in the last couple of years, even if the exceptionally favourable position at the end of 1978 is ignored. The Bank of England suggests that changes in relative labour costs affect the level of imports quite quickly but appear to influence export volumes only over a period of about four years. The erosion of Britain's cost advantage was clearly affecting the competitiveness of British goods by mid-1979 and the position has worsened since then.

In theory, therefore, the current account surplus of \$376m between May and July is surprising. Part of the explanation is that price movements have helped the UK. But the volume figures have also been favourable. Even though exports fell slightly during the summer, the decline in import volume has been much sharper. In the first seven months of this year the volume of exports excluding erratic



items such as oil rigs, aircraft, ships and precious stones) was 2½ per cent higher than the average level of last year, while import volume was 2½ per cent down on the same basis.

The explanation for the import figures is partly that the UK recession has been much deeper than in other countries and that there have been heavy cutbacks in purchases from overseas as companies have tried to reduce excessive stocks of raw materials and components.

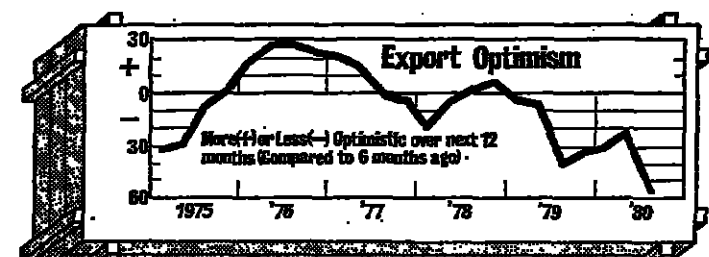
In contrast, demand for exports has held up reasonably well in some of Britain's markets. Sales to both the Continent and North America

Recession deeper than elsewhere

have dropped but sales both to the oil-exporting countries and to other less-developed countries have risen sharply.

But that is not enough to solve the export puzzle. The CBI has suggested that recent exports may in part have reflected orders made in earlier periods. UK manufacturing companies may have also been prepared to accept very low profit margins to retain export markets in face of low domestic demand.

Strength of the pound 'is no excuse'



participants itemising 'prices relative to those of competitors' as a likely constraint on their ability to obtain new export orders over the next four months has risen from a record 79 per cent in April to 83 per cent in this (July) survey."

This does not suggest that the internal weakness of the UK economy is prompting a greater drive into the export markets. The London Chamber of Commerce noted that companies are battling down their hatches, trying to hold on to what they have rather than extend their operations. There is no cash to invest in new directions and anyway, said the Chamber, it is difficult to sell because of the

high pound and high interest rates.

Although most evidence of a fresh export drive is anecdotal, there are certain areas where the strength of the pound, while not making life easier, is of less importance. These include high technology products, contracts where the product is tailor-made to a buyer's specifications, and where the British company has a proven reputation.

D. D. Lamson, the Gosport manufacturer of advanced pneumatic tube distribution systems, has continued to win orders in Kuwait and Saudi Arabia. In this business, price is not the first consideration. The client is most concerned

about the system, the service which comes afterwards and competence in installation. "Price is a factor late in the negotiations rather than at the beginning," says Lamson.

Similarly, Boat Showrooms of London won a \$1.1m contract to supply water buses to Zanzibar against competitors whose craft were too complicated for the carriage of passengers, livestock and bicycles. "The more tailoring there is for a special market, the less price-sensitive the item becomes," Boat Showrooms says.

That assessment is all very well as far as it goes, but manufacturers are nevertheless finding that the international environment is becoming harsher. One crane manufacturer bidding strongly for a sale in Mexico found that U.S. producers were offering cranes "at prices not explicable in ordinary terms."

This manufacturer had tried to bolster its bid by arguing that as forecasts suggest the pound will decline in the long run, it would be wise to take a sterling credit, lessening the burden of repayments over a period. But

with the pound rising the argument was not accepted. Exporters competing directly with Canadian and U.S. goods say that conditions have become very difficult. Some conditions—exporting know-how—have responded by cutting margins to such an extent that they are making little or no profit.

The strength of the pound is pricing some consultants groups out of the market, especially since the last quarter of 1979. Selstrut Engineering, which works in the natural resources field and will tender for turn-key projects as well as doing consultancy work, was underbid 25 per cent by Canadians on a Peruvian mining project and \$100m sales of UK equipment were lost. It was not because the Canadians offered better terms for the equipment but because the lowness of the Canadian dollar relative to sterling helped to make Selstrut's service costs too expensive.

* Economic Situation Report: end July 1980. CBI Publications: 250p for members, £30 for non-members.

MEN AND MATTERS

Gosling nests at Plessey

With some justification, Plessey is cock-a-hoop over a spectacular coup, which can be guaranteed to turn the competition a virulent shade of green. From the chair of the highly-rated chair of electrical engineering at Bath University, it has snatched Prof. William Gosling and whisked him away to the technical director's seat on its board. Such a move, trumpets Plessey, by a senior academic directly into top ranks of industrial electronics management, "is without precedent in the UK."

Gosling tells me he has few worries about making such a dramatic transition at the age of 43, despite having spent almost all his career in academic pursuits, the last seven years in the chair at Bath. "I had my first chair very young indeed—at 33—and I have been a professor for 14 years or more. I was beginning to feel that I had contributed all I could and then Plessey approached me," he says. "I think I have been one of the major proponents in this country," he says, "of bringing

university education and the engineering industry closer together. I have organised the research of my department along much more industrial lines. The change of jobs is not actually as big a transition as it might seem."

In recent times he has also shown an aptitude for driving a strong bargain which will help in the commercial hurly-burly. A little while ago, GEC approached him and 11 other professors asking him to design a new electrical engineering course tailored to its needs. Spurning speculative open competition, Gosling told GEC flatly that either Bath worked alone or the company could take its chances with the other 11 universities on its shopping list. The first intake of students on the Gosling-GEC course is currently having a taste of life at GEC and will be moving into Bath at the start of the new term.

In the family

Droit de seigneur, a perk taken seriously by successive presidents of Mexico, is being taken to unheard-of extremes by the present leader Jose Lopez Portillo. His indulgence in nepotism is raising eyebrows among people who long ago considered themselves incapable of surprise at news of jobs going to "the boys."

Latest to enjoy the blessing of the paterfamilias is the president's 27-year-old son, Jose Ramon, described by those in the know as "bright but inexperienced," who has been elevated to the vice-ministerial rank in the planning ministry.

His leg up the ladder followed the promotion of Portillo's friend Rosa Luz Alegria (ex-daughter-in-law of the previous president) to full ministerial rank in charge of tourism. The list of family members who hold important Government positions is extensive. Sister Margarita is director-general of radio and television; cousin Guillermo runs the National Sports Institute; a nephew runs Aeromexico, another is deputy

head of the National Sugar Commission and the president's brother-in-law holds a top administrative post in the Federal Electricity Commission.

Local wages, observing that the president still has two years of his six-year term to run, are beginning to wonder which will run out first—the supply of top jobs or the reserves of unplaced Portillos.

Moving out

Another bastion of the old British Leyland empire has fallen. BL announced yesterday that it is to surrender the lease on the 12-storey office block in Coventry that once served as the nerve centre for the cars group and its 120,000 labour force.

Originally occupied some six years ago, it was named operation HQ in the days of the Ryder reshuffle for managing director Derek Whitaker, and the Leyland Cars team charged with capturing 30 per cent of the UK motor market and producing more than 1m vehicles a year.

Thinned by the effects of the foreign markets' siege and Sir Michael Edwards' shake-out of 4,000 white-collar jobs, the raggle-taggle rearguard of 280 staff will soon be issued with evacuation orders and must say goodbye to their imposing home, once dubbed Leyland Coventry House, lately downgraded to humble 2, Eaton Road, and known affectionately among the garrison as Off-Centre Point.

Tough area

Appropriately enough, the largest employer in New York's Bronx district—testing ground for the most sophisticated and vicious forms of urban warfare—is Loral Corporation, manufacturer of the electronic surveillance aids favoured by those devoted to the more sophisticated forms of mayhem. Hawking his wares at the Farnborough Air Show this week, and promoting electronic warfare (EW) to the cognate

scents), as the main hope for keeping U.S. military step ahead of them, chairman Bernard Schwartz speaks flatteringly of his close associate Ernie Harrison, Rael Electronics chairman.

Relations are cozy, of course, because should his company win the contract to kit out the revamped Jaguar fighter with its Rapport III defence system, Rael and British Aerospace Dynamics will produce the hardware in the UK.

A devout competitor, Schwartz is very much the New York executive, typified by a close command of modern business and technology and a 10 per cent stake in the company he runs. Although Loral is acknowledged as one of the major companies in the field it still has only 5 per cent of the total U.S. business, so fierce is the competition. "It's not quite like that over here," he comments tactfully.

No sale

"I haven't been going out selling myself," sniffs Lord Mowbray and Stourton, possibly a little affronted at my questions over a rare foray into commerce. "They have been on at me to join them for some years."

"They," I regret to say, remain to be clearly identified, hiding for the moment behind the posh title of Economic International Resources Corporation and a Jersey address. But Mowbray, who has resigned his role as Tory whip in the Lords after 13 years and joined the company board, expects more information when the work really starts.

Already proving that it is prepared to face a challenge, the Arab-backed operation's first project is the export of some \$10m worth of British mining and forestry tackle for use by an affiliate company in the somewhat delicate republic of Ghana.

On the scrap heap at 14?

When Tim first came to Dr. Barnardo's, he was a right little tearaway. At 14, he already had a long history of petty theft and a habit of truanting from school. Not that they wanted him there—he couldn't settle down and wasn't interested in anything the teachers had to say.

In fact, to Tim, it seemed that nobody had ever wanted him. Not his father, who spent all his spare time in the pub or the betting shop. Not his stepmother who had two children of her own to care for. Not his granny who could barely feed herself on her pension. He alone was growing up.

Perhaps Tim started to steal when his mother died. Perhaps when his father remarried. He can't remember. He doesn't know why he did it either. But when he was caught for the second time and put into care, his family rejected him completely. They refused to visit him or go with him when he appeared in court.

Things went from bad to worse for Tim. He became sullen and withdrawn and his stealing increased. In the three years between his first appearance in juvenile court and his 14th birthday, he lived in no less than five different institutions and made time after time appearances before the magistrates. He seemed just a maker of things before he graduated to Borstal and on to Prison itself.

That's where Bernard's stepped in. He ran a number of small residential homes for children like Tim. Kids who have got on the wrong foot. Rejected, first by their own families, then by society at large.

We all know it's wrong to steal. But, given a chance—given security, care and guidance—kids like Tim can often redeem themselves and make a success of their lives. Won't you help us give them that?



It costs a lot to run a residential home. \$5 buys a towel or pillow. \$8 buys a sheet or blanket. \$20 buys a bed or chest of drawers. \$100 will help Tim start his own trade. Every \$1 you send helps us give a child like Tim a future. And it helps. That's why we can claim to pay regularly. That's why we can claim to be a real success story. It's even talking about a career in landscape gardening.

Please send what you can today to help us go on caring for children like Tim. The true identities of our children are withheld to avoid embarrassing publicity.

Dr Barnardo's
Dr Barnardo's, Tennant Lane,
Mildford, Essex SS26 1LQ.

I enclose a donation of \$2 ☐ \$10 ☐ \$20 ☐ \$50 ☐ \$100 ☐

Please send me details of donations so that I can increase the value of my giving.

Name

Address

To: The National Society for the Prevention of Delinquency, Room 704,
Dr Barnardo's, Tennant Lane, Mildford, Essex SS26 1LQ.

Observer

THE COSMETICS INDUSTRY

The sweet smell of success turns sour

JUST OVER 100 years ago an entrepreneur called Sarah Rachel Levenson opened a beauty salon in London's New Bond Street where she charged customers 1,000 guineas a time for a course of "Arabian" baths—consisting only of bran and hot water.

She gave her salon the uncompromising title of "Beautiful for Ever" for these were the years before anyone had thought of setting up an Advertising Standards Authority. Not that Madame Rachel, as she was known, would have allowed any minor legal technicalities to stand between her and her thriving little business.

By way of a sideline, Madame Rachel blackmailed some of her customers by threatening to reveal to the prim Victorian world at large that they had visited a beauty specialist. Sadly, the law finally caught up with her and she was sentenced to five years' penal servitude. But Neville Williams author of a book called *Powder and Paint*, says of her career: "When her business was exposed no-one knew which was the most remarkable—the names she gave to her products, the prices she charged for them or the way she had managed to hypnotise fashionable women into believing in her powers to work miracles with their faces."

The business, none the less, is an attractive one with the European market—including

The very success of the cosmetics industry over the last 10 years is now threatening to backfire, especially where fragrances are concerned. Revlon found a highly successful gap in the market with Charlie, but success has proved difficult for imitators particularly in a period of recession. Sue Cameron, Chemicals Correspondent, reports on the problems facing an overloaded cosmetics bandwagon seeking ephemeral and elusive success in the fragrance market.

Scandinavia and Spain as well as the Common Market countries—providing retail sales of over £4bn last year. The biggest single European market in 1979 was West Germany with sales of £1.4bn, followed by France with £900m and Britain with £410m. The U.S. market last year was worth about \$8.28bn.

But today the cosmetics industry seems set for a fairly rough period of rationalisation. Its very success over the last 10 years is now threatening to boom back on it—especially where fragrances are concerned.

What turned the fragrances market upside down in the mid-1970s was a single product produced by Revlon in the U.S. Called Charlie, it opened up a new market for medium-priced,

so-called life-style fragrances there and in Europe.

Charlie's advertising featured a long-legged liberated, care-free-looking girl whose image caught the mood of many younger women. Revlon, with sales last year in the U.S. of \$1.1bn, found itself with a major success.

The company's real success was that it had found a gap in the middle of the market. Until Charlie, scent producers had been fairly strictly divided into two types—those that aimed at the cheap end of the market and those that were expensive and usually French. French-based Chanel is probably the most successful of the latter.

Charlie's high sales and profits brought a rush of imitators. But success has proved elusive and there is no longer room for all the cosmetics and fragrance companies—particularly during a period of recession.

Even some larger companies which diversified into make-up and perfume during the boom years have found it hard to make much headway in the revived atmosphere of the beauty business. Some of them are therefore trying to pull out, although divestment is not always easy.

Colgate-Palmolive of the U.S., for example, has been desperately trying to extricate itself from the beauty market for some time. Last month it sold its Helena Rubinstein subsidiary for \$20m—a huge loss on the \$142m it paid for the cosmetics concern in 1973.

Colgate is strong in soap, toothpaste and other basic toiletries, and cosmetics would seem to have been a logical extension of its business. But now the group says wearily that the two sectors are not at all the same. The cosmetics market is more wilful and the customers more capricious. The top management in a beauty house also



"Forget the sexual overtones—just find a scent that's irresistible to customers!"

needs to have a feeling for fashion. Norton Simon is another large U.S. concern which has had considerable success in marketing consumer products, yet has had trouble making adequate profits in its Max Factor subsidiary.

Selling household soap is far simpler and more straightforward, Colgate says. All that is required is a good quality product at the right price. Once it is established in the market, customers can be relied upon to show strong brand loyalty instead of flitting from one manufacturer to the next.

The UK-based Smith and Nephew is another group that now reckons its cosmetics business more trouble than it is worth. Like Colgate, it is ex-

tremely successful in the more down-to-earth toiletries—Nivea cream and Afta hand cream are among its lines. But last month it admitted that it was looking for a buyer for its cosmetics business, which includes the Mary Quant, Outdoor Girl and Miners brands.

Yet large companies can sometimes diversify successfully into cosmetics and scent. Hoechst, the German-based chemicals giant, owns the Parfums Rochas, Marbert and Balenciaga ranges, among others. Last year its cosmetics operations reported increased sales and a total turnover of DM 270m (£53m). And Becham, the UK-based pharmaceutical and household products group, extended its make-up and perfume interests in 1979

when it paid \$35m for the U.S.-based Jovan fragrances group. But it seems clear that cosmetics and perfumes operations cannot be profitably run on the same lines as household toiletries, drugs, food or plastics businesses. Corporate management styles cannot be imposed on them: they have to be allowed to be laws unto themselves.

Mr. Simon Barrow, chief executive of the Ayer Barker advertising agency which has the accounts of the French-based Chanel, the U.S.-based Avon and Imperial Chemical Industries' Goya ranges, says fragrances—and cosmetics in general—differ from other packaged goods because their image is so ephemeral. "If you are trying to sell fish fingers, you can stress the fact

that your fish fingers contain 100 per cent cod," he says. "This is factual and straightforward and both the producer and the potential customer understand the selling point and the image being put over."

"But people don't buy Chanel perfume because of what's in it. I don't think Chanel has ever said exactly what the ingredients of its perfumes are."

Mary Quant, whose company acts as design consultants to a number of concerns including the Mary Quant cosmetics business that Smith and Nephew is trying to sell, makes a similar point. "We are selling magic," she says simply.

But selling magic to the masses is becoming an increasingly difficult task, even for those who do it for their bread and butter rather than for the sake of diversification. The U.S. cosmetics and fragrances market, estimated to have been worth \$8.28bn in terms of manufacturers' sales has been failing to meet expectations for the last 18 months, despite a 10 per cent growth in money terms last year.

Today that bandwagon appears overloaded. Experts in the fragrances and cosmetics field believe the industry is due for a period of "shrinkage." They point out that not only has competition become more intense, but the recession is also beginning to make itself felt.

Throughout Western Europe and, to a lesser extent, in the U.S., the birth rate has been dropping. Since the early 1960s the growth area for make-up and perfume has been provided by teenagers, but from now on there are going to be proportionately fewer of them.

The Acumen Marketing report insists that in the next few years the 25- to 40-year-old age group "must emerge as the opportunity area for cosmetic companies." It points out that

women in this age band tend to be better educated than previously and more of them go to work.

The influence of the 24-plus age range is already having an impact on the market. Skin care products—night creams, cleansers and moisturisers as opposed to the blushers, lipsticks and eye shadows that fall into the cosmetics category—are increasingly in demand. They have traditionally been the preserve of older women, as have expensive French perfumes which are also selling comparatively well at present.

Older women's needs and preferences are clearly different from those of teenagers' and cosmetics companies will have to gear their products and their marketing to meet these. But some may fail to make the changeover.

The old-established, upmarket beauty houses with a comprehensive range of products seem to be in a stronger position than some of the newer ones, providing that senior managers more used to selling soap than intangible promises of loveliness are not imposed upon them. One advantage they have is that their customers can usually be relied upon to show strong brand loyalty.

This could prove to be a big asset at a time of recession and rationalisation, although it has to be said that in the past some women have taken brand loyalty too far. In the 18th century, when make-up was often made of highly toxic materials, Horace Walpole reported that Lady Fortescue was "at the point of death, killed, like Lady Coventry and others, by white lead, of which nothing would break her."

Those were the days of which a modern marketing manager's dreams are made. Ladies were ladies and faithful unto death—at least to their cosmetic products.

Letters to the Editor

Investing in metals

From the Director of Research, Commodity Analysis

Sir—Your lead editorial of September 3, "Paying for security," points out that neither the Government nor industry has the capital to purchase stockpiles of strategic metals, but it did not offer an alternative solution. Must the nation therefore be held to ransom if normal supply lines are disrupted?

Not at all, but the solution can only be provided by people who have vast amounts of capital to invest and would like to purchase highly marketable real assets as a hedge against inflation or future global tension. The obvious candidates are the pension fund managers, but they have been discouraged from investing in metals by previous governments of both parties anxious to stifle rivalry to their own gilt edged sales.

If pension fund managers felt able to invest in metals without being subjected to political pressure or punitive taxation a number of problems would be solved. Pension funds would have a new outlet for their increasing capital which was potentially far more reliable in times of crisis than shares, gilts or property.

Both industry and Government would have a lifeline in the form of strategic supplies should these be necessary. A lifeline that would not have to be financed by industry or the Government, which could be tapped without compromising the fund manager's fiduciary responsibility. Commodity investments need to be managed as do other portfolios, and in times of supply disruption, soaring metal prices would provide a tempting profit, freeing capital to be invested in shares or gilts which could well have fallen.

Pension funds would have a long term stabilising effect on commodity prices since they would be seeking to buy when prices were low and sell when they appeared to be too high. They could help to prevent excesses of supply or extreme shortages, therefore narrowing the peak to trough price swings. The pension fund managers who reduce his risk by investing in commodities simultaneously becomes a much more natural and effective buffer stock manager than exists under those uneasy alliances between producers and consumers who have diametrically opposed objectives.

David S. Fuller, Commodity Analyst, 37-39, St. Andrews Hill, EC4.

Setting an example

From Mr. N. Carr

Sir—Surely the time has arrived for there to be some consistency in the reporting of directors' remuneration in annual accounts. Some companies show the pension contributions and some do not and as it is usually the more successful companies that do this leads to suspicion which may or may not be justified. In any case it makes comparisons between companies impossible.

—Also it is true that directors led the movement to relate salary levels to results rather

than exhorting unions to accept smaller settlements as the Government and the CBI are doing. You can only lead by example and some recent examples have been entirely in the wrong direction with chairmen deploring settlements following strikes below their own settlements obtained without.

N. Carr, Arkholme, Marlborough Crescent, Clifton Park, Ramsey, Isle of Man.

Popular apples

From Mr. R. Kimberley

Sir—There appears to be no doubt that the reason why the UK market for dessert apples is dominated by the imported French Golden Delicious variety has very little to do with texture or flavour, for that variety has little to recommend it in these respects.

There appears to be no doubt either that the explanation given by M. Emmanuel Drion

(September 3) is quite correct when he states that the French have made a very determined effort to capture the UK and other EEC markets.

As with practically all consumer products, the key to success lies partly in quality and price and very largely in style and presentation. A visit to most supermarkets and fruiterers will demonstrate quite clearly the failures of UK growers. Compare the excellent presentation of uniform size, colour and appearance—often in shrink wrapped packs of the French variety and the tatty wooden box full of all shapes and sizes and often blemished and bruised UK apples offered at similar price and it is not surprising that the housewife plumps for the Golden Delicious.

Given equal presentation and price there is little doubt that the proof of success will lie in the eating and several UK varieties will win hands down. So many UK products are now being displaced by foreign imports due to a sad lack of quality controls and presentation that it is high time that we stop blaming "unfair" competition from imports and

get down to matching the competition from abroad.

We must stop spilling the milk and thus having to cry over it. If our apple growers would get off their backsides and provide the public with something more attractive we will cease to worry about foreign competition instead of pleading for patriotism to overcome our deficiencies.

R. Douglas Kimberley, 26, Binsay Street, W.I.

High interest rates

From Wing Commander R. Burrough

Sir—High interest rates curb inflation, strengthen sterling, make exports expensive, imports cheap, bankrupt small businesses, and increase unemployment.

Years ago tax credits were allowed to private individuals on interest paid on most loans (as are still available on mortgages). Suppose we do the opposite—tax interest on most loans e.g. public sector, private

individuals and selected non-essential industries.

Minimum lending rate could be reduced. Foreign investors would be encouraged to take their money elsewhere, sterling would fall, exports cheaper and increase, imports cost more and reduce, bankruptcies lessen and employment would rise. Essential industries would invest in new plant, UK suppliers could compete.

The selective levying of taxation of interest paid could be used to discourage expenditure by public sector, private individuals and selected non-essential industries.

Such tax could be easily, effectively and cheaply applied and varied. Inland Revenue already receives returns from banks, merchant banks, building societies, money lenders and others. A balancing reduction in VAT, income tax and other taxes could be made.

R. J. Burrough, 44, Bedford Gardens, W8.

Security or return

From the Director, The Savers' Union

Sir—Two of your correspondents (September 1) replying to my letter appear to be making the following assertions: wealth in any form whatever is inevitably subject to depreciation when left to itself; savers are entitled to no return at all if they lend on a cash basis; and nobody is forced to lend, and those who choose to do so deserve little sympathy.

One suspects that in society today the above beliefs are quite widely held and there is a task to be performed in educating people away from such concepts.

Plainly, the first point is untrue: a field or garden with the owner's gold and diamonds secreted beneath it is hardly a depreciating nest-egg. As for the second assertion; one of your correspondents comes quite close to the union's standpoint in at least granting the savers a cash return. He recognises that necessarily saving and risk taking are incompatible. Perhaps, after a little negotiation, he could be persuaded to throw in 2 per cent per annum as well.

Now, does your other correspondent really have little sympathy for the widows and orphans, among others, who help provide the country's capital? Certainly, nobody is forced to lend, but pity the would-be hire purchase borrowers if nobody does. After all, society has seen the need for legislation to ensure a fair deal for the EP borrower. Surely the saver is not less worthy of protection?

Geoffrey Price, The Savers' Union, 4, Broad Street Place, Blomfield Street, EC2.

Laying the blame

From Mr. J. Humphreys

Sir—In your editorial of August 30 you criticise Tory Government policy as having the effect of reducing the profits of ICI to a pitiful state.

How can you accuse the Government when ICI pays 50,000 of its employees an increase of 21 per cent for less than 1 per cent increase in productivity?

J. L. Humphreys, 10, Spenser Court, Parkside, Ham Common, Richmond, Surrey.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher visits Occidental oil terminal, Florida.

Trades Union Congress annual conference concludes, Brighton.

British Association for the Advancement of Science annual meeting concludes, Manchester.

National Association of Women's Clubs annual conference opens, York (to September 7).

Farnborough Air Show opens to the public (to September 7).

Bristol International Balloon Fiesta (to September 7).

Overseas: Boulogne trawlermen (who started the French fishermen's strike) discuss a

settlement of the dispute.

One-day strike at Milan's two international airports.

Final day of the Financial Times conference on business opportunities in Sri Lanka, Colombo.

Regional conference of 16 Asian and Commonwealth nations continues, New Delhi (to September 8).

COMPANY MEETINGS

John Brown, The Sanctuary, Westminster, 12.30. Heron Motor, Carlton Tower Hotel, Cadogan Square, SW, 10. Inchcape, Baltic Exchange Chambers, 14-20, St. Mary Axe, EC4, 12. Pilkington

Brothers, Prescott Road, St. Helens, 2.30. Rightwise, Great Eastern Hotel, Liverpool Street, EC, 11.10. Stroud Riley Drummond, Bankfield Hotel, Bradford, Bingley, 11.

COMPANY RESULTS

Final dividend: Raybeck. Interim dividends: Abbey Panels Investment, Derek Crouch Home Counties Newspapers, House Property Company of London, A. G. Stanley Holdings.

LUNCHTIME MUSIC, London

Singers' Workshop, St. Mary Woolnoth, Lombard Street, EC3, 1.10 pm.

Cellisti Gemini (string music), St. Martin-in-the-Lodge, Ludgate Hill, EC4, 1.15 pm.

Can it ever replace a trained Security Officer?

Yes! Our answer is an unashamed yes!

There are times when an Access Control is more cost effective than one of our Security Officers.

And there are times when a guard plus an Access Control is the ideal combination.

After all we offer just about every form of security service so we aren't biased. We recommend what you need. We call it an integrated total security service.

Static Guards, Closed Circuit TV, Alarms, Access Control, Mobile Guards. You name it, we offer it.

That's how we became Europe's largest security company... we don't believe there is any one answer to security.

When a Group 4 consultant visits you he has an open mind and he is confident he can supply the answers you need. He has been through the Group 4 training schools. A training programme so good that companies all over the world send their staff for specialised training. And there's no substitute for training.

group 4

SECURITAS

Giving the world a sense of security.

Member of BSIA

Group 4 Total Security Ltd., Farncombe House, Broadway, Worcs. WR12 7LJ. Telephone: 0386 858585.

UK COMPANY NEWS

BP net income lifted to £876m in first half year

NET INCOME of British Petroleum rose 5.4 per cent in the second quarter of 1980 to £371m to give a total of £876m for the first six months against £822m, a rise of 40.8 per cent.

Once again, the major contributors were the groups Alaskan and North Sea operations, but these were offset by the higher North Sea tax rates, weaker U.S. dollar and losses on the chemicals and plastics side.

Adjusted for inflation the second quarter result slumped to £136m (£155m) resulting in a half year total of £297m compared with £275m in the same period last year.

Historical earnings per share are stated as 56.6p for the first half against 40.2p and 19.2p (17.5p) on a current cost basis. The interim dividend is lifted from 5.5p to 6.25p and shares to be allotted pursuant to the offer for Selection Trust rank for this dividend.

Last year the group paid a total dividend of 17.5p when total net income was £1.82bn.

The strengthening of sterling in the first half reduced the reported sterling value of dollar earnings and of the group's large dollar balances. The net income is estimated to have been reduced by £57m against a £40m reduction in the first half of 1979.

The directors say the group has been able to obtain adequate supplies, but although market prices have risen, competitors continue to have more access to lower cost oil.

Over the half year, margins from oil trading in Europe including the UK have been barely adequate, and in some cases insufficient to recover replacement costs. Competitive pressure on prices is extending this unsatisfactory situation in the third quarter.

Trading conditions were difficult (same) leaving £1.58m (£1.37m) retained.

With a prospective yield of 2.9 per cent (assuming a maintained dividend) and a possible earnings multiple of 18 on a full tax charge (assuming year end profits of £4.5m), Invergordon's numbers would appear to reflect a good deal of speculation about the company's future within the Hawker Siddeley network.

Hawker owns 52 per cent of Carlton Industries which in turn owns 76 per cent of Invergordon and future plans might include a departure of Invergordon from the group. But none of this has damaged the company's interim performance. Pre-tax margins are still above 16 per cent and income gearing is a reasonable 20 per cent. Profits from the fillings business have improved although blended whisky earnings have not risen quite as much. The shares were

unchanged at 202p. In the second half margins could be under pressure as a result of a strong pound and difficulties in attaining price increases. But some profits growth, albeit less than the 14 per cent interim progress, seems likely.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

Reduced sales volume coupled with an exceptional severance pay provision of £100,000 gave rise to a loss of £135,000 at Alexander Duckham, a BP subsidiary, in the first half of 1980 against £59,000 profits in the same period last year.

Against the background of the current recession, it is not expected that there will be any marked improvement for 1980, the directors state.

On a CCA basis, the loss attributable to shareholders in the first half would have been £856,000. No provision has been made in the period for corporation or deferred tax.

HIGHLIGHTS

After touching briefly on the latest money developments Lex devotes its column to the day's four main company stories. BP has surprised all the bears by producing relatively strong second-quarter net income, though it seems inevitable that a more pronounced downward trend will set in. Cadbury Schweppes also exceeded market hopes by almost maintaining profits for the first six months, showing the benefits of the company's cost savings in the face of poor demand. Northern Engineering's first-half profits are up from £11.7m to £15.3m and there seems a fine chance that there will be a good measure of recovery this year. Costain's interim profits have been squeezed as expected and the company continues to look for diversification opportunities. Heading up the list of companies commented upon on the inside pages comes BET with a very modest 5 per cent gain in profits.

NEI up midway and sees orders rise

TAXABLE profits of Northern Engineering Industries manufacturers of electrical and mechanical equipment, recovered to £12.5m in the first six months of 1980 compared with £11.67m for the corresponding period, and an £8.44m decline to £6.46m in the second half of last year.

Turnover was well ahead at £271.7m against £199.36m.

Given the difficult economic environment, say the directors, the group's overall position is encouraging. Orders on hand show an increase over the level at the end of 1979, and there has been a good order intake, with an increasing export content, in the mechanical engineering and mining sectors, although demand is still weak in certain of the heavy electrical sectors.

There has been some reduction in employment levels in certain UK business units, they add, and in addition to the action already taken there will be a continuing need to adjust resources as necessary to protect the group's competitive position in world markets.

Tax took £3.8m (£3.5m) in the first six months, and minorities £903,000 (£533,000). After an extraordinary debit this time of £149,000—rationalisation costs of £1.7m, less a surplus on the sale of investments of £1.55m—the attributable profit is slightly ahead at £7.7m (£7.64m).

Stated earnings per 25p share are up from 4.92p to 5.06p and the interim dividend is held at 1.25p—last year a total of 3.75p was paid from pre-tax profits of £18.13m.

The overseas companies continue to operate successfully, say the directors, and make an increasing contribution to turnover, profit and cash flow. The recently-acquired electronics and related businesses in Canada and the U.S. are performing particularly well. The board is looking for further growth in North America and other overseas territories where there are opportunities for close collaboration with the UK companies in developing technologies and exploiting markets.

The balance sheet remains strong, they state, and a progressive capital investment programme is being maintained,

including expenditure on production facilities for boilers and turbines for power generation. Lex, Back Page

Bulmer sales miss targets

HOPEFUL OF improved results this year, Mr. Peter Prior, chairman of BP Bulmer Holdings, told yesterday's AGM that this would depend on the level of Christmas drink sales and also a further reduction later this year in UK interest rates.

The continuation of poor summer weather, on top of the sharp downturn in consumer spending and destocking by the trade, had caused cider and other drink sales to fall well short of targets reported.

On the other hand, Pectin activity had continued the successful growth of recent years, with annual export sales now exceeding £2m. However, group Pectin sales were much less than earlier and the profit impact was correspondingly lower.

"While we hope to avoid the need to introduce short time working or redundancies, these measures may become necessary in 1981 if consumer demand does not recover soon," he added.

Sharna Ware revenue down in first half

Pre-tax profits of Sharna Ware fell from £132,134 to £97,387 for the half year to June 30, 1980. Turnover for the plastic ware manufacturer was £570m, compared with £525m last time. Tax took £30,641 against £88,735.

Mr. Sydney Orchard, chairman, says the board considers the results satisfactory under the present trading conditions.

The interim dividend is better at 1.4p net per 20p share (1.26p). Last year's final payment was 2.07p paid from pre-tax profits of £1.07m.

Cadbury Schweppes held to £21m in first half

MAINLY due to increased interest payable of £11.1m against £8.8m, profits before tax of Cadbury Schweppes were down slightly from £21.7m to £21m in the first six months of 1980.

However, in line with their intention to reduce disparity, the directors have lifted the interim dividend from 0.95p to 1.2p. But the increase carries no implications for the level of the final payment which will be determined by the year's results.

The final dividend last year was 2.9p paid from pre-tax profits of £57.3m.

Trading profit for the first half was up from £27.5m to £28.2m on sales of £498.6m against £455.5m. The acquisition of Schweppes (France) added £0.9m to pre-tax profits—these would have been £0.3m higher at 1979 first half exchange rates.

The half-year results were achieved in spite of the world recession, the directors say. They are keeping to the policy of concentrating effort behind the major brands and improving return on assets, which involves maintaining the capital investment programme and investment in marketing.

The board is confident that in this way, the group will continue to strengthen its market position in spite of the difficult market conditions.

Sir Adrian Cadbury, chairman, reports that generally depressed trading conditions in the first half brought a sharp sales decline in April when distributors ran down stocks to bring them into better balance with sales. The overall effect worldwide

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding for last year	Total for year	Total for year
Bertram Consol.	0.8	Sept. 30	*0.75	0.8	*0.75
Blackwood Hodge	1	Dec. 1	1	1	1
BET	5.71	Oct. 24	5.71	5.71	5.71
BP	6.25	Nov. 13	5.5	6.25	5.5
Cadbury Schweppes	1.2	Jan. 2	0.95	1.2	0.95
Charterhouse Grp.	1.75	Sept. 30	1.6	1.75	1.6
Costain	4	Oct. 28	4	4	4
Family Inv. Tst.	2.4	Nov. 3	2	2.4	2
Grimshaw Hldgs.	3	Oct. 14	2	3	2
R. and H. Hall	0.75	Sept. 13	0.75	0.75	0.75
Invergordon Dist.	1.5	Oct. 25	1.5	1.5	1.5
London & Europa.	0.7	Nov. 5	0.6	0.7	0.6
Midland Industries	1.1	Nov. 1	1	1.1	1
Morgan Crucible	4.5	Jan. 2	4.5	4.5	4.5
Northam Eng. Inds.	1.25	Nov. 28	1.25	1.25	1.25
Palmerston Inv.	1.14	Oct. 31	1.14	1.14	1.14
Sharna Ware	1.4	Oct. 17	1.26	1.4	1.26
Winstons Estates	0.3	Oct. 10	0.3	0.3	0.3
Winstons Estates	0.7	Nov. 1	0.7	0.7	0.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡To reduce disparity. §Maintained total expected. ¶For 15 months.

was a decrease in volume sales of 4 to 5 per cent, apart from drinks sales which were slightly up on the same period last year.

In the UK, the increase in trading profit from £15.5m to £17.2m came mainly from the drinks, tea and foods divisions, with the confectionery side holding its own in spite of the effect of last year's VAT rise.

Sir Adrian says that at this stage it is impossible to forecast the outcome for the year. Since the end of the interim period in the UK, the drinks business has been hit by the bad summer. But on the confectionery side there are now

signs that the market is beginning to turn up again and that the problems of VAT are being accepted.

Christmas orders for confectionery—traditionally ordered early by the trade—are "very satisfactory to date."

Outside the UK, Australia is continuing to show growth. In the U.S., drinks sales are good, although he warns that there is little hope of an improvement on the confectionery operations at this stage.

Capital spending this year, is expected to be a little up on last time's total of £28.5m. Lex, Back Page

ful half year," says Mr. Geoffrey Rippon, chairman. Funds under management now exceed £400m and profits, he says, will be improved during the next 18 months by the elimination of overhead duplication.

Earnings per 25p share are shown as 0.98p (0.87p) at June 30.

Two properties were sold during the first half together with the investment in West of England Trust. Part of the proceeds were redeployed in purchasing 8.19 per cent of the capital of Minister Assets, and 8.95 per cent of London United Investments.

The big disappointment in Britannia Arrow's interim figures is the poor showing of Siemssen Hunter. In six months the publishing and distribution side has made substantially less than the £90,000 recorded for the final three months of last year and there is no guarantee that things will improve. Management changes will take

some time to show through and while one of the troublemakers has been sold the basic problem is simply poor demand from the retail sector. Elsewhere the picture is brighter and the contribution from fund management, which slipped back in the second half last year, should hold up better this time. Schlesinger should help here though the main boost will be the offshore operation, which is having a splendid year. With net cash of £10m still in the balance sheet Britannia's bow is still poised for further expansion while the dividend news gives added encouragement. A 1p payment (0.7p) seems possible this time. The shares up 4p to 26½ are on a prospective p/e of around 13 (taking a time through the interim tax charge) and a yield of roughly 5.4 per cent.

AERO & GENERAL SCRIP ISSUE

The directors of Aeronautical and General Instruments are proposing a one-for-one scrip issue.

Costain Group Limited

INTERIM REPORT

Group Results

	Six months to 30 June 1980	1979	Year 1979
	£'000	£'000	£'000
Turnover	206,000	216,000	428,000
Profit before taxation			
Group trading	15,138	15,200	45,650
Property sales	112	1,950	2,004
	15,250	17,150	47,654
Taxation at estimated 30% (1979—40%, year 28%)	4,575	6,860	13,217
Profit after taxation	10,675	10,290	34,437
Minority interests	2,028	2,258	6,648
Extraordinary items	—	—	2,863
Available for ordinary shareholders	8,647	8,032	24,926
Interim ordinary dividend 4.0p (1979—4.0p)	2,224	2,224	—
Total ordinary dividends (1979—9.0p)	—	—	5,004
Amount retained	6,423	5,808	19,922

In accordance with previous practice, overseas currencies have been expressed in sterling in the half-year figures at the rates of exchange ruling at the previous year end.

Mr. C. T. Wyatt, Chairman, reports:

For the six months ended 30 June 1980, unaudited pre-tax profits of the Group are £15.25 million.

As expected we are in a period of consolidation and, whilst forecasting growth in turnover from this year on, increased profits will be slower to show.

Work on hand at 30 June 1980 amounted to £490 million.

Shareholders will have received a copy of the offer document sent to shareholders of County and District Properties Limited. The addition of this company, with its well-managed property developments and investment portfolio, is expected to contribute valuable asset growth in the years ahead.

Whilst in some of our operations we face difficulties, I expect the out-turn for the year 1980 to be not significantly different from that for 1979 excluding property sales.

The Directors have declared an interim dividend of 4p per ordinary share of 25p payable on 28 October 1980 to shareholders registered on 25 September 1980. With the tax credit of 1.7143p per share, this makes a gross equivalent of 5.7143p per share. They would expect, in the absence of unforeseen circumstances, to recommend a final dividend for the year of not less than the 5p paid in respect of 1979. Total dividends paid in respect of 1979 amounted to 9p per share.

COSTAIN

Britain's leading international construction group

Costain Group Limited
111 Westminster Bridge Road, London SE1 7UE

SIMPLICITY

Is it possible for a complex industrial company to retain a straightforward operating style?

Yes. Look at BTR.

To us, a complicated management structure inevitably reduces the speed and efficiency of decision-making. We prefer to keep it simple, flexible and direct.

Which means, in simple terms, increased growth and higher profits.

BTR
stands for growth

BTR Limited, Silvertown House,
Vincent Square, London SW1P 2PL
01-334 3848

UK COMPANY NEWS

BET picks up momentum to finish with £71.1m

PROFIT growth at British Electric Traction Company, industrial holding company, accelerated in the second half of the year to March 31, 1980. After a marginal advance from £24.3m to £24.5m at mid-way, the pre-tax figure finished the 12 months some £4.4m higher at £71.0m.

Turnover, excluding investment income, pushed ahead from £669.22m to £760.57m, and associated companies added a further £126.99m (£82.84m). From this, trading profits improved from £54m to £72.4m. Investment income totalled £9.99m (£6.52m) and share of associate profits £20.75m (£9.39m). The pre-tax surplus was struck after interest payable of £21.5m (£12.70m), which included £240,000 this time on North Sea oil development.

With tax taking £27.6m against £24.8m, earnings per 25p deferred ordinary share, turned in at 24.4p (24.1p). The net dividend is 8.70p, maintaining the total payment at 7.57p, at a cost of £11.58m (£11.25m).

After minority profits of £7.71m (£7.7m) and extraordinary credits of £1.43m (£2.2m), the retained balance for the year amounted to £22.01m, compared with £27.01m (£25.81m) in 1979. Comparisons restated. The contribution of Thames TV and Rediffusion TV to the pre-tax profit was £4.81m. Had years ended not been changed, the contribution would have been £3.9m. In compliance with SSAP 14, Thames Television has been treated as an associated company instead of, as hitherto, a subsidiary.

This does not affect net profit, but pre-tax profit includes only

50 per cent of Thames' pre-tax profit, and comparisons have been restated.

comment

Like a behemoth coming down the road the heavily diversified British Electric Traction group is lumbering forward. The company's broad spread of interests is proving itself to be a strength in the middle of the current recession even though pre-tax profits have increased only 5 per cent. That the group's small rise is that the group's two biggest money-makers, United Transport and Rediffusion, are not helping out. The former suffered a drop from £20.5m to £18.7m last year, while Rediffusion's contribution at the £17.1m level. Smaller divisions such as Bouillon and Paul made progress despite the effect of engineering and steel strikes (which together may have lost £2m and £1m respectively) and P profits of around £1m. The group's interest charges are dramatically up with a jump of nearly 70 per cent. But group borrowings have only increased 22 per cent, and the capital gearing level now stands around 40 per cent. With a maintained payment the yield comes to 7.9 per cent at 146p while the p/e on published figures is 5.6.

BRAHAM MOLLAR

On the basis of its management accounts Braham Mollar Group, mechanical engineer, traded profitably in the first quarter of the current year. "But we must forecast with certainty the level of demand for the rest of the year," Mr. G. R. Russell, the chairman, told the annual meeting. Nor was he able to add to

his earlier statement that the company expected an extremely difficult 12 months.

Mid-year rise for Thurgar

DESPITE HIGHER interest charges at £119,000 against £81,000 and depreciation up from £11,000 to £182,000, taxable profits of Thurgar Baxend, plastic products manufacturers, increased by £21,000 to £195,000 in the 26 weeks to June 28, 1980.

Sales rose to £4.1m (£2.7m) and trading profits were £130,000 higher at £476,000. But, present trading conditions are very difficult, say the directors, and there is continuing evidence of de-stocking by major industrial customers to the extent that both the Kettering and Chertsey factories are working at less than full capacity. They consequently feel it is unwise to make any prediction for the second half.

The interim dividend is maintained at 0.3p on increased capital—last year a total of 0.9p was paid.

No profit, after six months' tax of £17,000 (£13,000), is up by £17,000 at £178,000. The directors say that acceptances were received for 71 per cent of the shares offered under the recent two-for-seven rights issue and a further proportion was sold in the market. Equity Capital for Industry, which underwrote the issue, now holds 10.9 per cent of the enlarged capital.

Costain sees similar result

SALES AND profits of the Costain construction and development group were down in the first half of 1980 but the directors say that while some operations face difficulties, they expect the outcome for the year to be not significantly different from 1979, excluding property sales.

Turnover in the first half was down from £216m to £206m with pre-tax profits reduced to £15.25m against £17.15m. Last year, profits were £47.65m on turnover of £425m.

The interim dividend is maintained at 4p per share and a final payment of not less than last year's 5p is anticipated.

As expected the group is in a period of consolidation and while forecasting growth in turnover from this year on, increased profits will be slower to show, the directors state. Work on hand at June 30 this year amounted to £490m.

Referring to the offer for County and District Properties, the board says the addition of this company with its property developments and investment portfolio, is expected to contribute valuable asset growth in the years ahead.

Lex, Back Page

R. Hall

lower at

six months

ON TURNOVER down as forecast from IR£61.78m to £57.26m, taxable profits of R. and H. Hall, Cork-based grain merchant, slipped to £1.24m in the first six months of 1980, compared with £1.44m.

Difficult conditions in the trade are continuing so far this year, say the directors, and reduced levels of feeding are still evident. But there could be some improvement when the autumn feeding begins, they add.

For the whole of 1979, there were pre-tax profits of £2.63m, up from £2.35m, but the directors warned that a mild winter and early spring had reduced demand for animal feed and this, together with a certain lack of confidence in the agricultural field, meant the group would have to look forward to reduced turnover in the current year.

After lower tax of £619,000 (£718,000), after-tax earnings are marginally ahead at 4.37p (4.36p) per 25p share. The interim dividend is held at 0.75p net—last year's final was 2.25875p.

Winston Ests.

boosted by

property sale

Including a much increased surplus of £239,108 against £87,768 on the sale of rental property, pre-tax revenue of Winston Estates, property development and investment concern, improved from £189,708 to £419,101 for the first half of 1980.

After tax of £151,554 (£80,184) earnings per 25p share, on

Charterhouse well ahead and sees strong year end

ATTRIBUTABLE PROFITS of Charterhouse Group came out well ahead from £2.98m to £4.87m for the first half of 1980, boosted by higher contributions from manufacturing, oil exploration and production, and the banking side.

Group profits, excluding the bank, amounted to £1.68m against £3.35m, and after interest charges of £4.11m (£3.82m), the pre-tax figure emerged £3m up at £7.56m.

The directors state that although the recession and the impact of strong sterling will have an adverse effect on some of the businesses the group is invested in, the year end should show a strong position, both in asset and earnings terms.

Pre-tax profits for 1979 were £10.35m and the attributable balance was £8.82m. Earnings per 25p share are shown as 4.88p (3.12p) and the interim dividend is 1.75p net as forecast, compared with 1.6p, and will absorb £2.63m (£1.48m)—last year's final payment was 2.5p.

Changes since June 30, place the group in a much stronger position and broaden the base for it to increase its investments, particularly in medium-sized businesses, and to expand its merchant banking activities, the directors say.

These changes include the acquisition of Keyser Ullmann Holdings; the flotation of the oil exploration and development interests, with Charterhouse retaining 48.4 per cent of Charterhouse Petroleum; the sale of the group's 100 per cent interest in the insurance broking subsidiary, Glanville Enthoven; and the placing under Rule 163 (2) of shares in United Electronic Holdings, with the group retaining a 28.5 per cent stake.

The directors say these events will have a substantial effect on both the profit and balance sheet, as at December 31, 1980, which should reflect increased after-tax profit and earnings per share; an increase of more than £50m in capital and reserves, and 40 per cent of the group engaged in merchant banking.

And, the directors add, they should reflect a market value of listed securities substantially in excess of cost, and a marked improvement in the group's gearing.

The reduction in profit from the distribution and services sector follows the flotation of Spring Grove last December, and the earlier sale of Edmundsons.

comment

The structure of Charterhouse Group is shifting so rapidly that this year and last are hardly comparable. It is clear, however, that the first half was exceptionally profitable in banking, with the increase in Japhet's capital, successful bullion trading and a high level of corporate finance work all contributing. The second half may be a little more pedestrian, though KU could ship in close to £2m and will bring with it useful tax losses. Trading profits from oil will obviously decline despite a higher output from Thistle but the interest charge here should be eliminated. Manufacturing is holding up surprisingly well and development capital should at least match last year's performance. All in all, the group could make £14m at the attributable level which, taking in the shares issued for

KU over five months, produces a p/e of slightly over 8 on yesterday's price of 97p. The balance sheet is strong and understated but this nonetheless expects a lot of Charterhouse's ability to digest KU at a time when much of the oil revenue has gone.

London and European midway slip

PROFIT BEFORE tax of London and European Group, the property investment and dealing concern, amounted to £407,000 for the six months to June 30, 1980, compared with £441,000 last time.

Mr. J. B. McCuckian, chairman, says: "Considering the economic problems which beset business and industry, I feel that the profit is satisfactory. Present indications are that the 1980 results will be broadly in line with 1979."

The reduced turnover this time of £3.57m, against £3.3m, reflects the sale last year of O. C. Summers. There was a tax charge of £183,000 (£200,000).

Earnings per 10p share were down at 1.9p (2p). The interim dividend is 0.7p net (0.6p). Last year's final payment was 0.75p, paid from pre-tax profits of £1m. "All companies in the industrial division are currently operating profitably," the chairman says. "This has only been achieved by seeking every possible sales opportunity and keeping costs in line with current levels of demand."

Mr. McCuckian says the property division has concentrated on improvement rather than disposal and he is confident that by the year end it will have maintained its contribution to group profits.

Cadbury Schweppes Limited

Interim Statement

Results for the 24 weeks ended 14 June 1980

	Half year 1980 £m	1979 £m	Year 1979 £m
GROUP SALES:			
United Kingdom	295.8	279.7	628.2
Europe	52.1	43.6	91.2
North America	53.0	50.9	114.6
Australia	49.5	48.3	97.1
Other Overseas	36.2	33.4	74.9
	486.6	455.9	1,008.0
GROUP TRADING PROFIT:			
United Kingdom	17.2	15.5	48.2
Europe	3.8	3.5	5.9
North America	0.9	2.3	5.5
Australia	3.7	3.3	5.7
Other Overseas	3.6	2.7	7.4
	29.2	27.3	70.7
Investment income	1.1	1.5	3.3
Interest payable	30.3	28.8	74.0
	11.1	8.6	20.6
Group profit before associates	19.2	20.2	53.4
Share of associated companies' profits less losses	1.8	1.5	3.9
GROUP PROFIT BEFORE TAXATION	21.0	21.7	57.3
Taxation	5.9	5.4	17.8
	15.1	16.3	39.5
Profit attributable to minority interests	1.1	0.9	2.0
GROUP PROFIT	14.0	15.4	37.5
Extraordinary items	—	0.2	—
Profit attributable to Cadbury Schweppes Limited	14.0	15.2	37.5
Interim Dividend on Ordinary Stock	4.5	3.5	3.5
Final Dividend on Ordinary Stock and Preference Dividend	—	—	10.8
	9.5	11.7	23.2
Profit retained	—	—	—
Movements on Reserves			
At beginning of year	177.4	160.3	160.3
Profit retained	9.5	11.7	23.2
Net loss on restatement of currency assets and liabilities	(2.2)	(4.2)	(6.1)
Surplus arising on acquisition of Schweppes (France) Ltd.	3.0	—	—
	187.7	167.8	177.4

NOTE Overseas currencies are translated at middle market rates at 14 June 1980.

INTERIM DIVIDEND The Directors have declared an Interim Dividend of 1.20p on the Ordinary Stock. The Dividend will be paid on 2 January 1981 to stockholders on the Register of Members at the close of business on 25 November 1980.

Statement by Sir Adrian Cadbury, Chairman

Results for the half year were good given the trading conditions against which they had to be earned. Group trading profit was £2m up on the same period last year but the Group profit before taxation of £21m was £0.7m down, due mainly to an increase in interest payable of £2.5m.

Comparison of the half year figures is affected by the acquisition of Schweppes (France) Ltd., in May, which added £0.9m to Group profits before taxation at the half year. It is also affected by movements in the exchange value of Sterling; at first half 1979 exchange rates Group profits before taxation would have been £20.3m higher.

Trading conditions in the first half of the year were generally depressed with a sharp decline in sales around April when distributors ran down their stocks to bring them into better balance with their level of sales. The overall effect on volume sales worldwide, apart from drinks sales which were slightly up on the same period last year, was that sales in the rest of the business were 4%–5% down.

In the UK the increase in trading profit came mainly from the Drinks, and Tea and Foods Divisions, with the Confectionery Division holding its own in spite of the dampening effect on sales of last year's increase in VAT. In North America all our businesses are now soundly based and gaining market share. The fall in the half-year's trading profit is accounted for by the effect of competition on margins and by the necessary increase in

marketing investment. The 1979 half year figures also include the receipt of a non-recurring royalty of £0.6m.

The Australian company continued its progress with the improvement in profit coming from the Confectionery Division.

The increase in profits from our other overseas businesses was mainly due to an impressive performance by the South African company. The half year results were achieved in spite of the worldwide recession and thanks to a high degree of co-operation from everyone concerned. The Board is adhering to its policy of concentrating effort behind its major brands and of improving the return on its assets. This involves maintaining our capital investment programme and our investment in marketing. We are confident that in this way, we shall continue to strengthen the company's market position, in spite of the difficult trading conditions which lie ahead.

I said in my Annual Statement that it was the Board's intention to increase the proportion of the total dividend paid at the interim in order to bring about a better balance between the two dividend payments. To achieve this the Directors have declared an interim dividend of 1.20p on the Ordinary Stock. The final dividend will be determined by the results for the year as a whole and the increase in the interim carries no implications for the level of the final dividend.

4 September 1980.

Copies of the above Statement will be sent to all stockholders and further copies are available from the Secretary, Cadbury Schweppes Limited, 1-10 Connaught Place, London W2 2EX.

Cadbury Schweppes Limited, 1-10 Connaught Place, London W2 2EX

Cement-Roadstone

INTERIM RESULTS

	28 weeks to 9 July 1980	28 weeks to 11 July 1979	Increase
Sales	IR£154.3m	IR£125.6m	22.8%
Pre-tax Profit	IR£ 13.5m	IR£ 11.1m	21.6%
Earnings per Share	6.92p	6.28p	10.2%
Dividend per Share (Net)	2.10p	1.82p	15.4%

Copies of the Interim Report may be obtained from the Secretary, P.O. Box 101, 19 Lower Pembroke Street, Dublin 2.



Cement-Roadstone Holdings Limited

Leading Irish building materials group with major interests in the UK and overseas

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 6EB Telephone 01-621 1212

1979-80	Company	Price	Change	Gross Div (p)	Yield %	P/E
50	Almington and Rhodes	21	+	1.7	12.6	3.11
50	Barford Hill	170	—	1.4	8.7	6.41
100	County Data 107% PI	74	—	15.3	20.7	—
101	Deborah Ltd.	98	—	5.5	5.8	4.81
126	Frank Horsell	120	+	7.9	8.3	3.91
127	Frederick Parker	205	—	16.1	7.8	3.11
158	George Blair	87	—	16.5	19.0	—
84	Jackson Group	82	—	6.0	7.3	3.11
153	James Burroughs	120	—	7.9	6.6	8.8
80	Johnston Holdings	205	—	21.3	10.2	—
325	Torday	220	—	15.1	6.9	3.71
34	Twinkl Ltd.	124	—	—	—	—
80	Twinkl 15% US	38	—	15.0	17.8	—
23	Uniclock Holdings	30	—	3.0	7.1	—
42	Walter Alexander	101	+	8.7	5.6	5.81
245	W. S. Yeates	245	—	12.7	4.9	4.01

Accounts prepared under provisions of SSAP 15.

BARCLAYS UNICORN GROUP LIMITED

Announce that at the meeting of unitholders in Barclays Unicorn Capital Trust on 4th of September, the resolution to adopt the new Supplemental Trust Deed was approved.

The latter included provision for an increase in the annual service charge to 3%.

BARCLAYS UNICORN GROUP



N.A.V. at 29.8.80

56.32 (DFs109.99)

VIKING RESOURCES

INTERNATIONAL

N.V.

INFO Pierson

Heldring & Pierson N.V.

Herengracht 214, Amsterdam

MINING NEWS

Gencor forecasts increase in dividend this year

BY GEORGE MILLING-STANLEY

SOUTH AFRICA's second largest mining concern behind Anglo American, General Mining Union Corporation (Gencor) is optimistic about prospects for the second half of the year after a 181 per cent rise in profits over the first six months.

Net profits for the first half rose from R44.9m to R126.2m (£70m), largely as a result of the strength of the bullion price this year. This produced earnings of 161 cents a share, compared with 107 cents for the corresponding period of last year and 235 cents for the whole of 1979. The interim dividend is doubled from 25 cents to 50 cents a share.

Gencor said yesterday that it expects this level of earnings per share to be maintained over the remainder of the year, which would give a full-year figure of 322 cents.

Based on a cover of 2.2 times, Gencor expects to pay a final dividend of about 95 cents, for a total payment of 145 cents, compared with last year's total of 100 cents.

No less than 50 per cent of first-half earnings came from precious metals. Gold and

uranium contributed 41.5 per cent, with platinum adding a further 8.5 per cent. A little over 53 per cent of shareholders' funds are invested in these divisions.

The group said that the Beatrix gold mine, in the far southern part of the Orange Free State, should be brought into production within five years. The mine was acquired as part of the deal which brought Union Corporation into the former General Mining group.

The Beatrix uranium mine, a little way north-west of Beatrix, is expected to be in production by next year — one year ahead of schedule. This could be a mixed blessing for Gencor, as the long-term supply contracts for the mine's output do not start until 1983. Nevertheless, the mine's by-product gold should provide some compensation for this.

In addition, Gencor said that overseas testing of coal samples from the huge Northern Transvaal coalfield is going ahead on schedule, and it should be possible for the group to assess whether the deposits are suitable for direct liquefaction processes.

BIDS AND DEALS

Nelson David expecting lower profit in 1979-80

PROFITS of Nelson David, the motor distribution company, for the year to March 31, 1980, are expected to be lower than the previous year's record level, with trading in the subsequent months proving very difficult.

In March, after reporting a rise of 75 per cent to £34,000 in interim profits, Mr. David Cooper, chairman, said profits for the full year to March 31, 1980, would not be less than the £169,000 of 1979-80.

But in the formal document on company's £168,000 purchase of the Robert A. Wilson (Bentley) motor dealership in Lincolnshire, he says the downturn in the economy and the motor business, along with record interest rates have affected profits.

Thus the full results for 1979-1980 would not reach the level expected when the interim statement was made. Mr. Cooper says the early months of the present financial year have been particularly hard, with two subsidiaries running at a loss because of high vehicle stocks at a time of lower sales. One of the two loss-makers is now back in profit, while the other two subsidiaries have remained in the black.

Just under 30 per cent of Nelson David's shares are held by Convey, a private company owned by Mr. Cooper and Miss Perdita Ertis, also a director.

FW TO MOP UP MANCHESTER LINER SHARES

Furness Withy is to mop up the remaining shares in Manchester Liners, of which it already owns 99.2 per cent of the ordinary capital and 83 per cent of the preference.

This will be done by a scheme of arrangement under which the remaining shares not owned by Furness Withy, now part of the C. Y. Tung group, will be cancelled.

In return for each of the remaining 22,188 ordinary shares, holders will receive 220p cash from Furness Withy. For the 118,711 51 per cent cumulative preference shares of £1 each, shareholders will receive 81p.

Once the scheme becomes effective, Manchester Liners will become a full subsidiary of Furness Withy, thus facilitating access to necessary short-term financial support and aiding the consolidation of its activities while the container traffic side is developed, especially on the main North Atlantic and Mediterranean services.

Manchester directors said the scheme gave minority shareholders an opportunity to sell out at a price much higher than any other which they could expect to get in the foreseeable future.

The company's interim results to June 30 are expected to show only a very small pre-tax profit and no ordinary dividend is expected for the full year.

GRAND MET. CORAL LEISURE

Grand Metropolitan picked up a further 1,675m shares of Coral Leisure Group yesterday to bring its stake up to 6 per cent of the company for which it has made an agreed bid of £31m. The purchases were made by its merchant bank advisers, S. G. Warburg, at a price of 90p.

SPAIN

September 4	Price	%	+ or -
Banco Bilbao	228	28	+4
Banco Central	256	28	+4
Banco Exterior	210	+2	
Banco Hispano	225	+4	
Banco Ind. Cal	120		
Banco Madrid	141		
Banco Santander	262	+10	
Banco Urquijo	138	-2	
Banco Vizcaya	240	+4	
Banco Zaragoza	215		
Caixa de Pensiones	108	-15	
Caixa de Pensiones	71	-1	
Caixa de Pensiones	62.5		
Caixa de Pensiones	67	+0.5	
Caixa de Pensiones	63	-1	
Caixa de Pensiones	111	+2	
Caixa de Pensiones	107	-7	
Caixa de Pensiones	107		
Caixa de Pensiones	61.2	+0.2	
Caixa de Pensiones	68.5		

Western Mining doubles profit

HIGHER PRICES for nickel and gold boosted net profits of Western Mining Corporation (WMC), the major Australian mining house, for the year to June 24 by 133 per cent. Net profits were A\$57.38m (£28.7m) or 22.4 cents a share compared with A\$24.62m or 11.9 cents.

The final dividend is lifted from 5 cents a share to 7 cents, making a total for the year of 14 cents compared with 7 cents. Although volume sales of nickel in all forms fell by 19 per cent to 40,300 tonnes, revenue from sales rose by 28 per cent to A\$248.9m.

The average price received for gold during the year was A\$437 per fine ounce compared with A\$198 the previous year. Dividends received were almost double at A\$14.33m, against A\$7.51m, mainly as a result of the performance of the wholly-owned BH South and the stakes in Alcoa of Australia. The effects of these increases were offset to some extent by substantial increases in tax and exploration expenditure.

The net profit was struck before an extraordinary credit of A\$5.35m, which WMC said largely reflected the net proceeds of the sale to BP Australia of a 49 per cent interest in the Olympic Dam project, which could one day become the biggest mine in the world.

BH South returned a net profit for the year of A\$3.71m, compared with a loss of A\$673,000 last time. Earnings were 6.7 cents a share against nil.

GOPENG GROUP TIN OUTPUTS

The August outputs of tin concentrates by the companies in Malaysia's Gopeng group show that the leading producer in the group, Gopeng Consolidated, has managed to maintain output above the 180 tonnes per month level for the third successive month.

In the past 11 months Gopeng has produced 1,770 tonnes of concentrates compared with 1,781 in the same period in 1979-80. The only other member of the group showing a production increase over the same period last year is Tanjong.

Tanjong, the subject of two takeover bids in recent weeks from the D. Kuok family interests and later the Pahang group, has

produced 193 tonnes of concentrates in the past eight months against 128 tonnes. Pengkalen's 11-month output of 146 tonnes is well down on the 220 tonnes production in 1979-80 while Idris has mined 137 tonnes compared with 177 tonnes in the same period last year.

	Aug.	July	June
Gopeng	163	185	182
Tanjong	32	38	28
Idris	15	17	15
Pengkalen	51	7	12

Craigmont's moly find

Preliminary exploration of the Red Bird molybdenum property, 100 south of Smithers in British Columbia by Canada's Craigmont Mines has revealed one zone containing an estimated 20m tonnes of ore grading 0.21 per cent molybdenum oxide and an estimated 23m tonnes grading 0.13 per cent.

In addition a second zone is estimated to contain 10m tonnes grading 0.20 per cent.

Mr. R. G. Duthie, President of Craigmont, which holds an option on the property, says an estimated 12m tonnes at a grade of 0.20 per cent in the first zone would be amenable to open pit mining.

However, Mr. Duthie added that development of the property would require access through a provincial park, and the location indicates higher than average development, and operating costs.

Further evaluation is required to establish the economic potential of the property, of which Craigmont may acquire either a 51 per cent participating interest or full ownership, subject to the vendors retaining a 25 per cent carried interest.

N. CENTRAL WITS LIFTS FINAL

New Central Witwatersrand Areas, an investment holding company within the Anglo American Corporation group, is to pay a final dividend for the year to August 31 of 52 cents against 23.5 cents, after doubling net profits of R1.11m (£817,000). This lifts the total payment for the year to 62 cents a share from 31 cents last time.

New Central Witwatersrand Areas Limited

(Incorporated in the Republic of South Africa)

PRELIMINARY PROFIT ANNOUNCEMENT AND NOTICE OF FINAL DIVIDEND
Subject to final audit the income statement of the company for the year ended August 31 1980 is as follows:

INCOME STATEMENT		1980	1979
		R000's	R000's
Investment income	.....	1178	606
Interest earned	.....	8	1
Surplus on realisation of investments	.....	1	1
Administration and other expenses	.....	1186	616
Profit before taxation	.....	72	56
Taxation	.....	1114	560
Profit after taxation	.....	3	4
Dividends			
No. 29 (Interim) of 10.0 cents a share (1979: 7.5 cents)		177	132
No. 30 (Final) of 52.0 cents a share (1979: 23.5 cents)		918	415
		1095	547
Transfer to (from) reserves:			
Investment reserve	.....	16	9
General reserve	.....	—	(137)
		16	6
Retained profit	.....	71	65
Unappropriated profit August 31 1979	.....	87	71
Unappropriated profit August 31 1980	.....	1766	1766
Number of shares in issue	.....	62.53	31.47
Earnings per share—cents	.....	62.0	31.0
Dividends per share—cents	.....	1.156	572
Net asset value per share—cents	.....	
(Includes listed investments at market value)			
Particulars of the company's listed investments are as follows:			
Market value	.....	20 239	10 088
Book value	.....	1 693	1 693
Appreciation	.....	19 246	8 405

FINAL DIVIDEND

Dividend No. 30 of 52.0 cents per share (1979: 23.5 cents) being the final dividend in respect of the year ended August 31 1980 has been declared payable on October 24 1980 to shareholders registered in the books of the company at the close of business on September 19 1980.

The transfer registers and registers of members will be closed from September 20 to October 3 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about October 23 1980.

Registered shareholders paid from the United Kingdom will receive their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that any such request is received at the offices of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before September 19 1980.

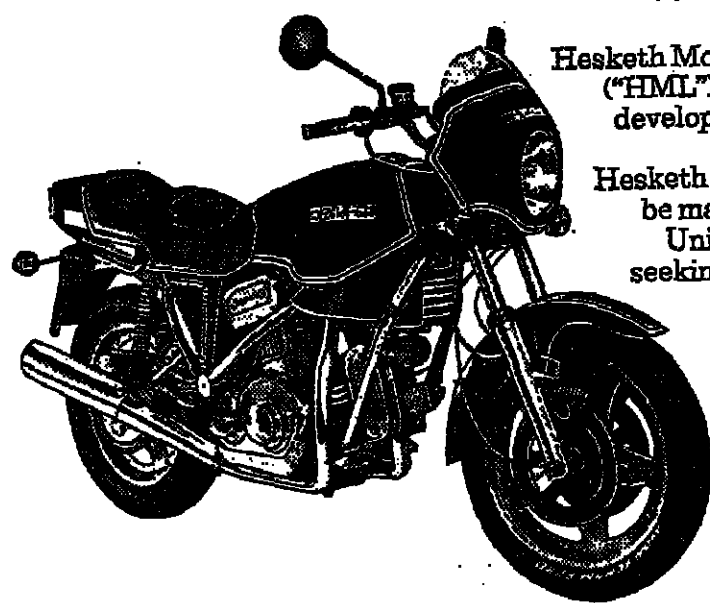
The effective rate of non-resident shareholders' tax is 14.5029 per cent. The dividend is payable subject to conditions which can be inspected at the Head and London offices of the company and at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

The company's annual report for the year ended August 31 1980 is expected to be posted to members on or about September 19 1980.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

By order of the board
Secretaries
per: W. Q. Nicol
Divisional Secretary
Registered Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61557 Marshalltown 2107)
Transfer Secretaries:
Consolidated Share Registrars Limited
80 Marshall Street, Johannesburg 2001
(P.O. Box 61051 Marshalltown 2107)
Charter Consolidated Limited
P.O. Box 102, Charter House
Park Street, Ashford
Kent TN24 5EQ
September 4 1980

حساب الخصال



Hesketh Motorcycles Limited ("HML") has designed and developed a new 1,000 c.c. motorcycle, the Hesketh V1000, which will be manufactured in the United Kingdom. It is seeking to raise working capital to take the motorcycle into production early in 1981.

There is no listing on any Stock Exchange for the shares of HML and application is not being made to any Stock Exchange for a listing of any part of HML's capital. However, following the Offer applications may be made for permission to transact specific bargains under Rule

163D of the Rules and Regulations of The Stock Exchange. The application list for the Ordinary Shares now offered will open at 10.00 am on Tuesday 16th September 1980 and may be closed at any time thereafter.

HESKETH Motorcycles Limited

(Incorporated in England under the Companies Act 1948 to 1976)

Share Capital

Authorised £1,750,000 divided into 3,500,000 Ordinary Shares of 50p. Issued (and to be issued) £1,430,090 divided into 2,860,180 Ordinary Shares of 50p.

OFFER BY

Venture Link Limited

on behalf of HML for subscriptions for

1,800,000 Ordinary Shares of 50p each in HML, fully paid, at 80p per share, payable in full on application.

The Offer has been fully underwritten by

F. & C. Management Limited •

Electra Finance Company Limited • The Mercantile Investment Trust Limited •

Anglo Scottish Investment Trust Limited • London & Lenoxx Investment Trust Limited •

G. T. Management Limited •

Rivermoor Management Services Limited • The United States Debenture Corporation Limited

Copies of the Offer document including the Application Form, which must be used for applications, are available and may be obtained from the sponsors:

Venture Link Limited,
1 Laurence Pountney Hill,
London, EC4R 0BA

Grieverson, Grant and Co.,
59 Gresham St.,
London, EC2P 2DS

and at the following branches of Barclays Bank Limited:

New Issues Department, P.O. Box 123,
2 London Wall Buildings, London Wall,
London, EC2P 2BU

Stock Exchange Branch,
8 Angel Court, Throgmorton St.,
London, EC2R 7HT

and from the principal branches of Barclays Bank Limited in Birmingham, Bristol, Leeds, Liverpool, Manchester, Norwich, Southampton and Worcester.

Information regarding HML will also be available in the Eitel Unquoted Companies Service

General Mining Union Corporation Limited

(Incorporated in the Republic of South Africa)

INTERIM RESULTS 1980

The unaudited consolidated results for the six months ended 30 June 1980 are as follows:

		Six months ended	Year ended	
		30.6.80	30.6.79	31.12.79
Group Income before Taxation	(R million)	182.6	105.9	217.9
Group Income after Taxation	(R million)	151.2	83.7	180.2
Earnings	(R million)	126.2	44.9	98.5
per share	(cents)	161	107	235
No. of shares	(million)	78.3	42	42
Dividends	(R million)	39.2	10.2	41.3
per share	(cents)	50	25	100
Net asset value	(R million)	2,105.1	676.1	1,019.6
per share	(cents)	2,649	1,610	2,428
No. of shares	(million)	79.5	42.0	42.0

During the period under review the company increased its effective interest in Union Corporation Limited from 51.7 per cent to 100 per cent. The earnings and dividend per share show increases of 50 per cent and 100 per cent respectively in comparison with the corresponding six months of 1979.

In the absence of unforeseen circumstances, it is expected that the level of earnings per share for the six months to 30 June 1980 will again be achieved in the second six months of the year, and that the total dividend for the year based on a cover of 2.2 times will be approximately 145 cents per share.

INTERIM DIVIDEND

Amount per share	50 cents
Declared on	4 September 1980
Last day to register	19 September 1980
Register of members to close	20.9.80 to 3.10.80
Currency conversion date	7 October 1980
Payable on	17 October 1980

On behalf of the Board
W. J. DE VILLIERS
E. PAVITT
Directors
Johannesburg
4 September 1980.

London Office:
30 Ely Place,
London EC1N 6UA.

London Transfer Secretaries:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London SW1P 1PL.

Copies of the full interim report will be posted to shareholders and will be obtainable from the London Office as from 16 September 1980.

Midland Industries declines

ALTHOUGH TURNOVER of Midland Industries rose from £10.93m for the half year to March 31, 1979, to £13.72m for the half year to June 30, 1980, taxable revenue for the engineering and ironfounding holding company fell from £1m to £751,000.

The interim dividend is 1.1p net per share in the preceding 15 months, three dividends, each of 1p, were paid. The chairman, his wife and a director are waiving their entitlement to dividends totalling £47,000 (£42,000).

During the early part of the second half the order position has not been restored, say the directors, and a forecast for the full year cannot be made at present.

However, they add, "the company—with its modern plant substantially increased capacity and efficient operation—is ready to meet the demands of the inevitable upturn in the economy."

With restoration of volume, possibly led by the British automotive industry based on new models, and the widened product range of the company, directors say it is possible to anticipate future profits substantially in excess of those previously achieved.

LONDON TRADED OPTIONS

		Oct.		Jan.		April		
Option	Expiry price	Closing offer	Vol.	Closing offer	Vol.	Closing offer	Vol.	Equity close
BP	380	28	11	50	—	60	—	340p
BP	350	13	29	19	34	44	2	—
BP	300	25	2	38	10	45	—	171p
Com. Union	180	25	46	24	36	30	—	—
Com. Union	120	12	1	2	12	12	—	—
Com. Gold	460	97	1	112	—	—	—	543p
Com. Gold	500	62	14	85	16	108	—	—
Com. Gold	300	16	3	35	6	78	—	—
Com. Gold	600	16	3	35	6	78	—	—
Courtaulds	70	5	—	7	26	91	43	68p
Courtaulds	80	1 1/2	—	4	32	—	—	—
GE	460	56	13	50	—	100	—	498p
GE	500	11	31	31	1	48	—	—
GE	550	1	31	31	49	—	—	—
Grand Met.	120	34	22	41	—	—	—	158p
Grand Met.	140	15	—	24	1	29	—	—
Grand Met.	160	41 1/2	10	13	1	19	1	—
Grand Met.	180	11 1/2	—	10	—	12	5	—
ICI	380	3	—	—	—	—	—	364p
Land Secs.	293	88	5	49	3	—	—	373p
Land Secs.	253	85	4	49	3	—	—	—
Marl & Sp.	20	15 1/2	—	19 1/2	3	24 1/2	—	102p
Marl & Sp.	400	7 1/2	—	13	3	16 1/2	—	—
Shell	120	16	55	34	—	44	—	405p
Totals			283	34	196	44	51	
			November		February		May	
Imperial Gp.	80	6 1/2	2	10 1/2	1	11 1/2	4	84p
Imperial Gp.	90	3	—	16	1	7	—	96p
Lorrio	94	10 1/2	10	16	2	—	—	—
Lorrio	104	6	10	10 1/2	49	—	—	—
Lorrio	114	6 1/2	68	6 1/2	—	—	—	—
P. & L.	130	12	—	17 1/2	1	21 1/2	—	13 1/2p
Racal Elec.	260	88	2	75	—	—	—	308p
Racal Elec.	280	42	1	61	—	74	—	—
Racal Elec.	300	31	1	68	20	74	—	—
Racal Elec.	320	20	—	—	—	81	—	—
Racal Elec.	330	16	14	31	—	45	2	—
RTZ	500	20	18	18	—	65	1	462p

Companies and Markets

UK COMPANY NEWS

Grimshawe
rises to
£192,000

Turnover up by over 40 per cent at £6.32m, compared with £4.5m, taxable profits of Grimshawe Holdings rose in the year to £192,000, from £169,530 to £192,455—an increase of 13.5 per cent.

Mr. Thomas Kenny, the chairman, says all the operating companies earned profits during the year—with Managers paints, hand tools and the 'DIY' divisions the principal contributors.

However, he warns that results for the first three months of the current year are below target. "We may make good the shortfall in the next three months but that is doubtful. For the full year there are some grounds for optimism, but we cannot be immune from the present recession," he says.

A dividend of 3p net is proposed, compared with 2p last time when payments were reintroduced after a lapse of six years.

Available profit showed a drop from £432,897 to £207,252 after interest marginally increased to £107,022 (£104,565) and extraordinary credits of £24,415 against £283,269. Dividends took £55,538 (£58,141) leaving a retained profit of £141,714 (£404,756).

Finance charges take toll
on Morgan Crucible

DUE TO higher finance charges of £1.62m against £1.01m, taxable profits of Morgan Crucible Company fell from £8.89m to £6.5m in the first half of 1980. Sales for the period rose from £54.9m to £64.7m.

However, for a true comparison the directors say both sales and profit contributions from the company's two 1980 acquisitions—Franklin Oil Corp. and DIA Pty—should be deducted from this year's first half. This would give sales of £61.8m and profits of £5.72m.

Refusing to make a forecast, Mr. Ian Weston Smith, chairman, says second-half profits will bear part of the non-recurring expense of two factory relocations as well as the final cessation of activity at Lidge. At the same time, the emergence of the group's new U.S. company will incur modest start-up costs, both this year and next. Nevertheless, the three investments have an interesting future.

In his interim statement, he reports that the majority of the group's UK customers are having a difficult time. There are some pockets of resistance but it would be a mistake to

make too much of them.

Of the company's Battersea site, he reports that now the Government has apparently rejected Wandsworth Borough Council's application to make an area of North Battersea an enterprise zone, the directors will seek the right development partner with whom to make use of the planning permission granted on March 25, 1980.

	Six months	Year
1980	1979	1979
£000	£000	£000
Sales	54,705	54,880
Less: carbon	15,890	14,025
Spec. carbons	11,728	10,058
Thermic	21,506	19,387
Acum	12,286	9,131
Other prod.	3,315	2,279
Trading profit	8,111	7,897
Less: carbon	2,253	1,970
Spec. carbons	1,701	1,530
Thermic	2,655	2,737
Acum	1,091	1,400
Other prod.	82	204
Holding com.	229	316
Inv. income	1,615	1,008
Net fin. chrgs.	6,486	6,889
Profit before tax	1,594	2,580
Tax	3,902	4,329
Profit after tax	224	205
Dividends	—	—
Extraord. cred.	—	—
Attributable	3,678	4,124

First half earnings per 25p share are shown to have fallen from 9.9p to 8.8p. The net interim dividend is held at 4.5p. Last year's total payment was 7.5p from profits of £14.78m.

comment

Morgan Crucible has eked out a 3 per cent gain at the trading level and maintained its operating margins although interest costs pulled down profits at the pre-tax level. The thermic division suffers from the continuing slandering at British Steel Corporation and Acorn's lubricants and artists' materials businesses have been weakening for several months. Margins on overseas sales (58 per cent of the total) have been more resistant to recession than those of the UK. Little improvement if any is likely in the second half and the costs of plant relocations and closures could bring profit for the year down to perhaps £13.5m. At that level, the share at 132p is unchanged, still trade at a decent 10 times fully taxed prospective earnings. On a maintained final dividend, the yield would be almost 8 per cent.

Blackwood Hodge expects to
maintain total dividend

FIRST-HALF sales of Blackwood Hodge, the earthmoving equipment sales and service group, rose 13.6 per cent to £154.5m but pre-tax profits were down 11.8 per cent from £4.34m to £3.82m.

However the group is well placed commercially, technically and financially to take immediate advantage of any improvement in world trading, the directors say. They are maintaining the interim dividend at 1p per share and expect to recommend an unchanged total for the year of 2.5p.

Basic earnings per share for the first half are stated as 1.94p against 2.46p and 1.86p (2.34p) fully diluted.

In the UK, the group has taken on the franchise for the John Deere range of industrial products for substantially all of England and Wales. This has given the group a competitive edge in the JCB franchise for south-east England

operated by the Berkeley JCB subsidiary.

This company has been sold since June 30 for a cash consideration calculated on the net asset value at August 29—estimated at £13m—plus £760,000.

Blackwood is also negotiating for the purchase of a business which will give entry to the British Columbia and Alberta markets in Canada.

	Six months	Year
1980	1979	1979
£000	£000	£000
Sales	54,413	41,189
UK	38,928	29,745
Europe	18,387	17,708
Africa	22,928	18,057
Asia	2,800	2,826
North America	26,052	26,369
Total sales	154,510	136,023
Trading profit	9,876	10,578
Interest	6,133	4,632
Shareholders' assoc.	81	291
Exceptional debit	2,000	—
Profit before tax	3,824	4,337
Tax	2,180	2,150
Net profit	1,644	2,187
Minorities	60	185
Exchange deficit	815	630
Profit dividends	45	48
Attributable	723	1,328
Interim ordinary	754	754
Unappropriated deficit	71	—

Borrowings are very largely dependent on the level of inventories of new and used equipment and spare and replacement parts, the board states. Steps have been and are being taken to reduce equipment

inventories wherever possible, but an important reduction is possible in parts inventories if the group is to maintain its after-sales service to customers.

comment

After seeing last year's interim profits almost halved, in part because of the provision against Hydrocon, a further profits slip from Blackwood Hodge is disappointing. The company primarily blames currency translation losses, which for example converted a sales gain of 17 per cent in Canada to a 1.5 per cent fall in sterling terms. Equally important is depressed demand which, with the exception of Australia, must be placing heavy pressure on margins. The group is responding to the competition by keeping up stocks in order to make fast deliveries. This may prove sound in the long-run but the recent losses in Canada, where interest charges more than wiped out trading profits, illustrate the short-term dangers. The Nigerian associate, which is reporting on the six months to last December, has since improved considerably and the uncovered interim is an expression of confidence, so the group could make £8m for the year, producing a fully-taxed p/e of almost 9 on yesterday's price of 41p. The yield is 8.8 per cent on the forecast final.

NCHANGA CONSOLIDATED
COPPER MINES LIMITED

(Incorporated in the Republic of Zambia)

QUARTERLY REPORT
OPERATING AND FINANCIAL RESULTS

	Quarter ended	Quarter ended	Year ended
	30.6.80	30.6.79	31.3.80
PRODUCTION (Tonnes)			
Copper	92,379	96,510	359,816
Lead and zinc	10,394	12,778	46,548
Cobalt	273	290	1,258
SALES (Tonnes)			
Copper	78,772	91,705	363,815
Lead and zinc	9,403	15,164	55,608
Cobalt	255	289	1,009
Average proceeds per tonne—copper	K1 684	K1 554	K1 690
Sales revenue—all metals	151.2	166.0	701.7
Cost of sales	130.5	125.2	546.1
Interest payable less receivable	20.7	40.8	155.6
Shares of associated companies profits/(losses)	(4.0)	(6.2)	(24.0)
Profit before taxation	14.5	34.6	131.2
Taxation	(4.1)	(22.2)	(75.0)
Profit after taxation	10.7	12.4	56.2
Profit/(loss) brought forward	—	20.5	20.5
Appropriations:			
Preference shares—redemption and dividends	—	(1.7)	0.1
General reserve	—	—	67.3
Dividend on 'A' and 'B' shares	—	34.6	9.3
Profit carried forward	10.7	34.6	—
	10.7	32.9	76.7

NOTE: On the 1st September, 1980, K1=US\$1.2776 and K1=UK£0.53404. (On the 14th July, 1980, K1=US\$1.29251 and K1=UK£0.54410). Lusaka 3rd September, 1980

Laganvale
rights issue

Laganvale Estate, the Belfast property group in which Mr. Jim Slater has a significant interest, has announced details of a rights issue intended to finance the £3m purchase of a property in Brighton.

Shareholders will be invited to subscribe for one new share at 30p for every two already held. In the market the shares dropped by 2p to 33p.

Mr. Slater, who owns 16.24 per cent of Laganvale, has strengthened his property company, and Mergers Investments of Jersey, together with the directors, will take up their rights for their 28.1 per cent.

The rights issue will supply part of the funds needed to complete the purchase of Mitre House, Western Road, Brighton. Laganvale exchanged contracts to buy this property on August 14 for £1.47m.

The issue, which is to be underwritten by Fiske and Co., comes just nine months after a two-for-three rights, and just over three months since the group issued 373,000 shares for the purchase of a small estate agent and property group.

ALLNATT LONDON
PROPERTIES LIMITED

ANOTHER SUCCESSFUL YEAR

The 18th annual general meeting of Allnatt London Properties Limited was held on 4th September, 1980, in London. Mr. L. H. Smith, Chairman and Managing Director, presiding.

Results

Shareholders will appreciate my measure in reporting that the Company has enjoyed another successful year, and that the forecasts I made in my last Statement were, to say the least, conservative.

Results receivable during the year were a little short of £5m, and interest on cash deposits was again higher than last year by £300,000. At the end of the year the rent roll just exceeded £7m. Profit before tax was over £5m, and the reserves are now over £2m.

I think, however, it is prudent to say that increases in the rent roll can be misleading. Whether a new development is completed and becomes rent-producing shortly before or after a year-end there is an effect on the results of two financial years. A recent review on a high earning property will increase the rent roll, not only in the year in which it occurs, but in succeeding years as well, although it will only affect the percentage uplift in the year in which the review is operative. A similar situation arises with first lettings.

Dividends
The final dividend proposed is 3.2p per share which, with the interim dividend of 0.8p per share already paid, makes a total of 4.0p, an increase of nearly 15% on the equivalent for last year.

Prospects

The immediate prospects for the nation's industry generally can now only be considered as gloomy, but I believe, and earnestly hope, that our present government is, at last, pursuing the policies which have been deferred for too many years.

Shareholders will no doubt have noticed the conflicting opinion recently expressed about the outlook for the property sector. In this, I remain an optimist.

The amount of development which the Company has in progress continues to be satisfactory. It is, however, a sad reflection on the times that, in the short term, the Company could earn more for its shareholders by placing surplus funds on deposit than by using them for further developments. The Company's function, however, is not that of a Bank and it will continue to use its resources to add to its permanent assets.

The recent minimal reduction in lending rates is a welcome step in the right direction.

The outlook for the Company continues satisfactorily and I anticipate that for the year to 31st March, 1981—

- Rents receivable will be about £5m.
- The rent roll will approach £8m at the year end.
- Interest received will be down by more than £300,000.
- Before tax profit will exceed £6m.
- Retained profit will be sufficient to take the reserves to over £1m.

The Report and Accounts were adopted.

Daejan Holdings Ltd.

Year ended 31st March 1980

Pre-tax Profits	£4,192,000
Earnings per share	17.02p
Dividends per share	3.50p

Mr. B.S.E. Freshwater, Chairman reports:-

- * Rental income and property sales were well maintained, despite adverse factors.
- * Commercial properties continue to generate satisfactory income growth.
- * Our new investment in the United States should produce some profit in the current year.
- * I am confident that the steady upward trend in rental income will be maintained but profits will still be subject to interest rates and the level of activity in the property market.

Copies of the Company's full Report and Accounts may be obtained from: The Secretary, Daejan Holdings Limited, Freshwater House, 162 Shaftesbury Avenue, London WC2H 8HR.

With effect from
8th September 1980

Hastand Ltd.

will change its name to

Meriden International
Credit Corporation Limited

and its new offices will be at

107 Cheapside, London EC2V 6HA
Telephone: 01-726 4301
Telex: 894203 MERID GThe
Charterhouse
Group
Interim Report

Results

Attributable Group profit after tax for the first six months of 1980 shows an increase of 65 per cent over that of the corresponding period of 1979.

This has resulted from a considerable increase in oil revenues and significantly increased profit from the merchant bank, as well as from the manufacturing sector. This latter sector has shown some resilience during the current recession, despite the effect of strong sterling on exports. The reduction in profit from the distribution and services sector follows the successful flotation of Spring Grove in December 1979 and the earlier sale of Edmundsons.

Dividend

The directors have declared an interim dividend of 1.75p (1979 - 1.60p) per fully paid ordinary share. This will absorb £2,626,000 (1979 - £1,484,000) and will be paid on 30th September 1980 to shareholders on the register on 19th September 1980.

Results for the half year ended 30th June 1980

	Half year ended	Half year ended	Year ended
	30.6.80	30.6.79	31.12.79
The Group excluding the bank			
Profit before interest payable			
Development capital	1,497	1,641	3,581
Insurance broking	1,120	1,253	1,481
Manufacturing	3,912	2,629	5,680
Distribution and services	1,302	2,054	5,536
Oil exploration and production	4,524	1,395	3,439
Central services	(678)	(622)	(1,135)
	11,677	8,350	18,582
Interest payable	4,113	3,820	8,236
Profit before taxation	7,564	4,530	10,346
Taxation			
United Kingdom	2,522	1,050	833
Overseas	1,289	810	1,813
	3,811	1,860	2,646
Profit after taxation	3,753	2,670	7,700
Minority shareholders' interest	33	217	264
Attributable profit after taxation	3,720	2,453	7,436
The bank			
Profit after taxation and transfer to inner reserve	1,150	505	1,388
Attributable Group profit after taxation	4,870	2,958	8,824
Earnings per ordinary share	4.88p	3.12p	9.25p

Prospects

The profit improvement is after a tax charge of 50 per cent but this rate is expected to be lower for the full year.

Since 30th June 1980 the Group has changed considerably, notably by:

- the acquisition of Keyser Ullmann Holdings, the merchant bank, for the issue of Group shares
 - the flotation of the Group's oil exploration and development interests, the Group retaining 48.4 per cent of Charterhouse Petroleum
 - the sale of the Group's 100 per cent interest in its insurance broking subsidiary, Glanville Enthoven & Co.
 - the placing under Rule 163(2) of shares in United Electronic Holdings, the Group retaining a 26.5 per cent interest
- These events will have a substantial effect on both the profit and balance sheet of the Group at 31st December 1980, which should reflect:
- increased after-tax profit and earnings per share
 - an increase of more than £50 million in capital and reserves
 - 40 per cent of the Group engaged in merchant banking activities
 - market value of listed securities substantially in excess of cost
 - a marked improvement in the Group's gearing

These changes place the Group in a much stronger position and broaden the base for it to increase its investments, particularly in medium-sized businesses, and to expand its merchant banking activities.

Although the recession and the impact of strong sterling will have an adverse effect on some of the businesses in which the Group is invested, the year end should show a strong position both in asset and earnings terms.

The Charterhouse Group
Investment and Banking

Copies of the Interim Report are obtainable from Group Communications Department, The Charterhouse Group Limited, 1 Paternoster Row, St. Pauls, London EC4M 7DH. Telephone 01-248 3999.

Higher smelting costs cut gain at Straits Trading

September 1980

Lombard Odier International S.A.

This announcement appears as a matter of record only.

BORROWER PROFILE

Honeymoon with the banks cools

BY PETER MONTAGNON

THE COOL reception given by international banks to Argentina's latest \$250m Eurocredit appears to mark an end, at least for the time being, to the country's recent run of successful borrowings on ever easier terms.

Terms of the Republic credit, which carries a margin of 1 per cent over the first four years rising to 1 per cent over the remaining four years of its life, were judged tight by the banks when they were first announced. Initial response was lukewarm, although after the syndication period was extended, a respectable total market sell-down exceeding 35 per cent is thought to have been achieved.

Over recent months bankers have been consistently surprised by the apparent ease with which Argentina has been able to raise money on favourable terms. Before the Republic deal, public sector borrowers had access to 10-year money on a split spread of 1-1 per cent.

In part this is due to the country's fundamentally sound economic position. Unlike neighbouring Brazil, Argentina does not have a population problem; it does have virtual self-sufficiency in energy and abundant food resources. Moreover, bankers are generally agreed in praising the professionalism

of the country's negotiating team. Its central bank director, Sr. Francisco Soldati "knows how to squeeze every last drop from the markets," said one banker.

At the same time some economic indicators at least are showing a positive trend. Inflation, as measured by the consumer price index, fell to a year-on-year rate of 86 per cent in August, Argentinean analysts say. This compares with a rate of almost 140 per cent last year.

As it has been faced with a heavy spate of Argentinean borrowers, the market is, however, now also looking at some of the more fragile elements of the country's economy. In particular, the Government has pursued a policy of maintaining an artificially high exchange rate which has led to a pronounced deterioration in the balance of payments.

Largely because of a surge in imports, the country's visible trade was in deficit by about \$400m in the first half of this year compared with a surplus in the whole of 1979 of \$1.45bn. If this trend continues through the remainder of the year, Argentina could face a current account payments deficit of some \$2.5bn this year, bankers estimate. In 1979 the deficit was only \$193m.

Argentina's reserve position on paper is perfectly strong enough to cope with this. Reserves, which fell sharply at the time of the domestic banking crisis in the spring, were rebuilt to a level of \$10.75bn by mid-August. A substantial portion—estimated at some \$700m to \$800m—of the latest

such borrowing, the Argentinean authorities have to ensure that the interest rate advantage sticks and that exchange rate movements continue to make it advantageous for companies to run up foreign debt. A high exchange rate will not, however, contribute to a reduction in the balance of payments deficit.

FOREIGN DEBT REPAYMENT SCHEDULE

— due for repayment in —

	1980	1981	1982	1983 onwards
Total outstanding debt	\$14.99	3.16	1.63	1.29
Public Sector	9.12	1.14	1.02	0.88
Private Sector	5.87	2.03	0.61	0.41

(Based on latest available reference date of June 30, 1979)

increase reflects, however, very short-term borrowing abroad by the country's private sector.

In July the Argentinean authorities altered the regulations on foreign borrowing so that private companies which had previously not been allowed to borrow abroad for periods of less than a year are now allowed to borrow at 30 days maturity. Such borrowing is attractive to the companies because interest rates abroad are lower than at home.

To maintain the attraction of

international bankers are generally confident that the current economic team in Buenos Aires is more than competent to handle such a problem. Some would, however, like to see more reassurance than heretofore that continuity will be maintained when General Jorge Videla retires from the presidency in March next year. By that time at the latest the Finance Minister, Sr. Jose Martinez de Hoz, will also be leaving the Government.

The impending change of

government is to some degree a cloud hanging over future Argentinean borrowings and is one reason why bankers do expect at least a slight hardening of terms in the weeks ahead.

At the same time Argentina does have a heavy borrowing programme. Its public sector external borrowing requirement for 1980 is now put by Argentinean analysts at about \$2bn, of which "well over half" has been completed with the \$250m Republic deal.

The table shows how Argentina has in the past relied heavily on short-term private sector borrowing to meet its external financing needs. This is expected to continue alongside the public sector programme. Taken together the figures for both public and private sector borrowing also show that Argentina now has to meet rather a heavy debt repayment schedule.

Meanwhile, the Republic is currently arranging a Y20bn 10-year Samurai bond with an offered yield of 9.15 per cent through Yamaiichi Securities. Its next major credit is expected to be for the state oil concern, YPF. This will be an important deal for the market as it should indicate the extent of the pricing concessions Argentina has had to make following the Republic credit.

ARGENTINA

APPOINTMENTS

Business Development

ELECTRONICS

• THIS is a challenging new appointment on a divisional Board of a large, diversified and successful British manufacturing group.

• RESPONSIBILITY is to the Divisional Managing Director, a member of the Group Board, for planning business growth, through acquisition and product development, and for advising companies on business opportunities and market penetration. The job will entail company representation at top level overseas.

• PREREQUISITES are success in profit management in or near the electronics industry coupled with proven skills in negotiation. An understanding of the technology is important and a graduate or professionally qualified engineer is strongly preferred.

• PROBABLE age bracket 35/45. Salary for discussion around £16,000.

Write in complete confidence
to G.W. Elms as adviser to the group

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS

10 HALLAM STREET LONDON WIN 6DJ
21 AINSLIE PLACE EDINBURGH EH3 6AJ

Managing Director

• A CHIEF EXECUTIVE is required to take charge of a £40m engineering company which also operates in the servicing field.

• THE APPOINTMENT may be filled either by a Professional Accountant with background in production engineering or by a Qualified Production Engineer with strong commercial and financial aptitudes.

• EARNINGS expected to be about £30,000. Stock option is envisaged.

Write in complete confidence
to P.A.R. Lindsay as adviser to the company

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS

10 HALLAM STREET LONDON WIN 6DJ
21 AINSLIE PLACE EDINBURGH EH3 6AJ

Qualified Chartered Secretary

c£10,000pa

Central London

A company managing the investments of investment trust companies, pension funds and other organisations requires a Chartered Secretary to join the Secretarial Team.

He/she aged 27/31 must be a qualified ACIS experienced in all aspects of Company Secretarial duties. Previous experience in the City is desirable.

Excellent benefits include 5 weeks holiday, pension scheme etc.

Applications in confidence to Brian Lutton quoting reference number 6530.

mh

Mervyn Hughes Group

2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants

01-404 5801

EXECUTIVES

Over £10,000

Today is a good day

for making a fresh start.

If your present job lacks—

* Interest

* Prospects

* Salary advancement

and you want—

* A better salary

* New challenge

* More interest

Then don't wait any longer.

Telephone us now for a

cost free assessment

meeting and let Europe's

most experienced job

search organisation

take a hand in your

future—Call

Percy COUTTS & Co.

01-839 2271

140 Grand Buildings,

Trafalgar Square,

London WC2.

STOCKBROKERS

TRANSFER CLERK

Expanding Birmingham firm

requires an experienced Transfer

Clerk. Salary negotiable plus

bonus scheme.

Applications to

Box 4728, Financial Times,

10 Cannon Street, EC4A 4BY.

"NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS"

THURSDAY 25th SEPTEMBER 1980

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, 25th September, 1980, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments."

Advertising rates will be £19.50 per single column centimetre. Special positions are available by arrangement at premium rate of £22.00 per s.c.c. Copy date is Friday, 19th September. For further details, including reprints of previous features, please telephone 01-248 4801 or 4804 (direct lines).

Newly Qualified Accountants, especially Chartered, are never easy to recruit—don't miss this opportunity!

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Peugeot may drop project

By Terry Dodsworth in Paris

PEUGEOT, the French motor group, may abandon its project to build a 2,000-man car components plant near Longwy in Lorraine because of the current deterioration in the car market.

Plans for the factory, aimed at one of France's high unemployment areas, were announced in a fanfare of publicity a little more than a year ago. The plant was one of the most important investments proposed by the company as part of its strategy to create about 8,000 jobs in Lorraine along with Renault, the other big French motor company.

These proposals won Government support and successfully enabled the French companies to block an ambitious Ford plan to build a car production complex in Lorraine.

Peugeot admitted yesterday that a new study had been undertaken of the Longwy project, although it said that it was still aiming to produce car components in Lorraine. But M. Bernard Labbe, a member of the region's industrial promotion council, insisted that the original concept for the plant, due to be completed in 1983, had now been jettisoned.

M. Labbe said that Peugeot's move was serious for the Lorraine region in light of the 8,000 jobs lost in the steel industry since 1976. He added that one of the investment projects—a joint Peugeot-Renault aluminium foundry, also at Longwy, the worst hit of the steel towns, was well on the way to completion.

Whether the Longwy factory is eventually given the go-ahead or not, Peugeot's second thought about the project underlines its present sales problems. The whole group, which constitutes Peugeot, Citroen, Talbot (formerly Chrysler Europe), has suffered a big slump in registrations this year.

French bank disposal

THE French Government has authorised the Lebanese-Saudi Arabian Farah group to acquire 67 per cent of the capital of Union Fonderie et Financiere (UFF), a French real estate consultant company, AP-DV reports from Paris.

Fourfold profit increase at Norsk Hydro

BY FAY GJETER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, reports a more than fourfold rise in net profits to more than Nkr 1bn (\$236.72m) in the year ended June 30. Turnover was up by around 55 per cent to more than Nkr 1.4bn (\$29.1bn).

Preliminary figures show profit before year-end adjustments, allocations and taxes at around Nkr 1.4bn to Nkr 1.5bn, after depreciation amounting to Nkr 1.6bn. Taxes will take Nkr 400m, making profit after tax in excess of Nkr 1bn compared with around Nkr 250m in the preceding year.

Mr. Odd Narud, Norsk Hydro's president, described the figures as "very encouraging."

He said the increase arose mainly from petroleum activities and was attributable to higher prices for oil and gas, coupled with the Frigg gasfield reaching full production during the year. The big Ekofisk field passed its peak in the year.

On the other hand, the improvement in the results of the group's industrial operations in Norway was relatively small and less than might have

been expected in view of the favourable market conditions prevailing through most of the period.

Tax allowances accumulated over several years are being used in the year so that taxes will take only a comparatively limited proportion of earnings. This proportion, however, will rise very sharply in 1981 when Hydro will begin to feel the full weight of the increase in Norwegian petroleum taxation.

Mr. Narud said the improvement in Hydro's profit, though

substantial, was no more than should be expected in view of Hydro's investment of Nkr 10bn in new facilities in the North Sea and on land in and outside Norway. A pre-tax profit at the level achieved was no more than was needed to repay debt and to finance high-priority investments which were essential if Hydro was to keep its market position and maintain and renew its plants.

Norsk Hydro's board will propose a 12 per cent dividend—unchanged from last year and the maximum permitted.

Mr. Narud said the improvement in Hydro's profit, though

Sharp turnaround at Swedish paper maker

BY WILLIAM DOLFFORCE, NORDIC EDITOR IN STOCKHOLM

BILLERUD, the Swedish pulp, paper and packaging group, reports pre-tax earnings of SKr 85m (\$20.5m) for the first seven months, a sharp turnaround on the corresponding period last year, when the group was SKr 29m in the red. Sales climbed by 23 per cent to SKr 1.97bn (\$463m).

The management expects the 1980 pre-tax profit to be well

ahead of last year's SKr 101m despite the "somewhat lower demand" for Billerud's products which appeared at the end of the seven-month period and uncertainty about whether it can raise prices again to offset heavy cost increases.

The SKr 85m earnings in the first seven months were achieved despite losses of about SKr 30m attributable to the

strikes and lockout in Sweden in May. It includes stock gains of SKr 34m.

The improvement was most marked in Billerud's timber, pulp and paper operations in Sweden, which turned in an operating profit of SKr 69m against a loss of SKr 25m in the first seven months of 1979. Celbi, the pulp company in Portugal, raised its operating

income by SKr 10m to SKr 45m while the group's packaging operation recorded an operating profit of SKr 31m, up from SKr 18m.

A drop from SKr 103m to SKr 94m in net financial charges reflects the freeing of capital through the sale of forest land. These sales are estimated to give the group an extraordinary income of SKr 80m for the year.

Higher loss at Arab tanker operator

KUWAIT — The Arab Maritime Petroleum Transport

Company has announced that its net loss, including depreciation of tankers, rose to \$20.87m last year from \$18.22m in 1978.

The company, which is sponsored by the Organisation of Arab Petroleum Exporting Countries (OAPEC) said that its net operating loss, however, fell to \$23.87m from \$26.37m. The increase in net loss had resulted mainly from financing expenses for two new liquefied petroleum gas (LPG) tankers, Al-Berry and Al-Bida, which joined the company's fleet in the year.

Operating income rose to \$33.69m from \$26.17m, while operating costs, including depreciation, rose, to \$51.11m from \$48.53m. Reuter

Carlton and United plans rights to raise A\$20m

BY OUR FINANCIAL STAFF

CARLTON AND UNITED Breweries, the major Australian brewer, increased its net profit for the year to June 30 by 11.1 per cent to A\$25.5m (US\$29.8m), on turnover up 12.9 per cent to A\$687.07m (US\$787m).

A rights issue is planned on a one-for-five basis to raise A\$20.5m (US\$24m). The funds are to be used, it is said, to improve liquidity and to provide funds for growth and development. The issue, at part, will raise the number of ordinary shares in issue to 123.55m, from 102.95m.

The new shares will not rank for any dividend declared before December 31. Between then and June 30, 1981, each will rank

for one-sixth of any declared dividend. Between July 1 and December 31, 1981, the new shares will be entitled to two-thirds of any dividend.

The profits for 1979-80 are struck after tax of A\$30.83m, against A\$17.9m, interest of A\$4.12m, compared with A\$3.82m, and depreciation of A\$10.3m (A\$9.08m), as well as minorities of A\$326,000 (A\$45,000), but before an extraordinary profit of A\$720,000. An unchanged final dividend of 8 cents makes a total for the year of 14 cents, compared with 13.5 cents. Earnings per share were unaltered at 25 cents, on capital increased by a one-for-10 scrip issue.

Gain at Sekisui Homes

BY YOKO SHIBATA IN TOKYO

SEKISUI PREFAB HOMES, Japan's largest prefabricated housing maker, raised its earnings in its first-half ended July 31, despite a slowdown in housing demand and increased raw material costs.

Sekisui's operating profits rose by 6.9 per cent on the year to ¥12.8m (\$57m). Net profits were lifted 9.2 per cent to ¥6.62m. Per share profits were ¥26.62, compared with ¥28.36.

Steps to develop higher grade products such as large house

construction helped Sekisui's sales to increase by 23 per cent to ¥211.6bn (\$962m). The company countered the adverse factors by streamlining its production systems.

For the current half of the fiscal year, the company faces a further slowdown in demand for housing. The full fiscal year ending January 31, is expected to bring sales of ¥435m, up 18 per cent, operating profits of ¥26m, up 5.8 per cent, and net profits of ¥13.5bn, up 6.8 per cent.

Hopewell Holdings ahead

BY PHILIP BOWRING IN HONG KONG

HOPEWELL HOLDINGS, the Hong Kong property group, has reported an increase of 80 per cent in consolidated net profit before extraordinary items for the year ended June, to HK\$106.5m.

At the half-way stage, profits were up 47 per cent. Earnings have been boosted by the completion of several residential developments. The final dividend is 30 cents, making a total of 40 cents for the year, compared with 26 cents the previous year.

South Sea Textile Manufacturing suffered a fall in profits

to HK\$12.8m from HK\$15.6m for the same period last year. Full-year earnings for 1979 for the integrated cotton textile and garment manufacturer were HK\$31m.

The interim dividend has been cut to HK\$1.75, from HK\$2.25.

Hong Kong's sharply expanding property group, Mai Hon Enterprises is to change its name to Carrian Investment.

Until the end of last year, Mai Hon was the modest property subsidiary of Stelux, a watch manufacturer. Then it was acquired by the Carrian group.

Standard Chartered Finance B.V.

(Incorporated with limited liability and established in Amsterdam in The Netherlands)

US \$75,000,000

Guaranteed Floating Rate Notes 1990

Convertible until 1989 into 10 1/2 per cent

Guaranteed Bonds 1990

Guaranteed on a subordinated basis as to payment of principal, premium (if any) and interest by



Standard Chartered Bank Limited

(Incorporated with limited liability in England)

In accordance with the provisions of the Notes, notice is hereby given that for the six months from 8th September, 1980 to 8th March, 1981 the Notes will carry interest at the rate of 12 1/2 per cent per annum.

The interest payment date will be 9th March, 1981. Payment which will amount to US \$304.91 per US \$5,000 Note, will be made against surrender of Coupon No. 2.

The Conversion Interest Amount applicable to Notes which are presented for conversion on or before 1st March, 1981 will be US \$31.32 for each US \$5,000 Note and will be payable on 31st March, 1981.

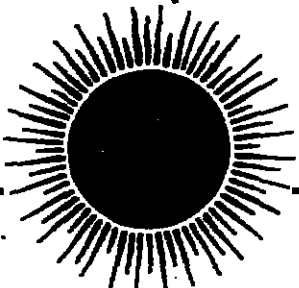
J. Henry Schroder Wagg & Co. Limited
Agent Bank

See the sun in a better light

Read the Financial Times World Solar Markets Newsletter and see how your company can benefit from solar energy. Published monthly, World Solar Markets tells you about all the opportunities for sales of equipment, technology, processes, machinery or storage systems used in the massive solar energy market.

Every month it reports on new developments. From research to finance, direct and diffuse radiation to the secondary uses of solar power.

Take advantage of our introductory offer now. And see how World Solar Markets can keep your company from being eclipsed by the competition.



To Subscription Dept. (WSM), Financial Times Business Information Ltd., Minster House, Arthur Street, London EC4R 9AN.

I wish to take out an immediate subscription to World Solar Markets at the Special Charter Subscription rate of £120 (UK)/£128 (Overseas including airmail postage)* saving me 20% on the normal annual subscription. *Delete as appropriate.

☐ I enclose my/our cheque made payable to Business Information (WSM).

☐ Please invoice me/my company.

Tick and mail as appropriate. WSM 01/01/90/100/100/100

Name _____
Position _____
Organisation _____
Address _____
Country _____

Nature of business _____

Signature _____ Date _____

WORLD SOLAR MARKETS

Registered office: The Financial Times Business Information Ltd., Brickwork House, 10 Cannon Street, London EC4R 9AN, England. Registered in London No. 302261.

ENERGY REVIEW: COAL SUPPLY AND DEMAND

BY MARTIN DICKSON, ENERGY CORRESPONDENT

Problems of achieving world targets

"THE fatality of good resolutions," observed Oscar Wilde, "is that they are always too late."

It is a sentiment the world's coal industry might well reflect upon as it considers the good resolutions about coal expressed at last June's western summit meeting in Venice. The seven leaders present collectively committed their countries to the highly ambitious target of doubling coal output and use by 1990.

It may not yet be too late to achieve such a target, but that time cannot be far and crucial decisions will have to be taken by governments in the near future if coal production and consumption is to expand sufficiently to plug the world's predicted energy gap as the year 2000 approaches.

The short time scale has been underlined afresh this month by the publication of a detailed, country-by-country study of supply and demand during the next 30 years. The book, entitled *Future Coal Prospects*, is the second volume of the World Coal Study (Wocol), a 15-nation project under the direction of Professor Carroll Wilson of the Massachusetts Institute of Technology.

Possible

Volume I of the Wocol report, published earlier this year, summarises the prospects for coal during the coming two decades and concludes that the fuel will have to supply between a half and two-thirds of the additional energy needed by the world, even given moderate growth assumptions. To achieve this, world coal production will have to increase between two and three times, with international trade increasing by three to five times, from 200m tonnes of coal equivalent (tce) now to 560m to 980m tce by the turn of the century.

The report concludes that these targets are possible to achieve, provided that public and private enterprise act co-operatively and promptly.

Just how co-operative and how prompt such action will have to be emerges more fully in the newly published second volume of the report, which contains detailed analyses about each of the 16 countries participating in the Wocol project.

This brings out the difficulties of quickly establishing so-called coal chains—flows of fuel from new mines, through upgraded transport systems to new ports, into new coal

carrying vessels and across the oceans, to new coal-burning power stations and industrial boilers. A typical coal chain for U.S. exports is illustrated.

The problems of establishing coal chains given the long lead times needed to bring mines into production and to build the infrastructure necessary to ship and burn the fuel, are best illustrated by specific examples. This article concentrates on just two countries which will be particularly affected by the coming coal boom: the U.S., which is likely to become the world's balancing supplier of steam coal by the 1990s, and Italy, which will be one of the most important importers.

Wocol concludes that coal production in the U.S. will have to rise from 560m tonnes of coal equivalent in 1977 to at least 1.2bn in AD 2000 (125m tce for export) and that there could be demand for 2.66bn tce (380m tce for export) if high growth in energy demand is coupled with limited access to oil and delays in the construction of new nuclear plant.

How will the export demand be satisfied? A special study undertaken for Wocol by Bechtel National Inc. points out that the actual division of the tonnage between the U.S.'s three main producing areas—Appalachia, the Illinois Basin of the Midwest and the Rocky Mountains/Great Plains of the West—will depend on a host of factors, including coal demand, environmental regulations and commercial decisions.

But it estimates that the Hampton Roads ports of New-

port News and Norfolk, Virginia, currently the largest coal exporting complex in the U.S., could be handling between 46m and 101m tonnes of Appalachian output a year by AD 2000. This compares with a current capacity of 55m tonnes a year and actual throughput of 22m tonnes in 1977.

But the substantial expansion of facilities likely to be needed at Hampton Roads pales alongside that expected in the lower Mississippi, handling Illinois Basin coal, and at West Coast ports, handling Western output.

Until now, both export routes have handled negligible amounts of coal. Wocol estimates that the Lower Mississippi, with current capacity of 10m tonnes a year, will need to handle between 23m and 126m tonnes by AD 2000, while the West Coast ports, with current capacity of just 3m tonnes, will need to export anywhere between 13m and 89m tonnes.

This would mean an average increase in export coal traffic to the coast of between 3.7 and 8 per cent a year—most of it along two railways systems in the East and four or five in the West together with barges down the Mississippi.

Capital expenditure required for improving the internal transport system, and ports could range from \$910m to \$5,055m (in 1979 dollars)—excluding the cost of upgrading subsidiary transport systems to get the coal to assembly points.

This major expansion has to be achieved against a background of severe constraints. Most large operations and many

ports and coal terminals are operated by commercial companies whose investment decisions will be determined by their own economic health, their perception of coal demand, and the return on their investment compared to other ventures. In the bland language of the report, it remains "problematic" whether the companies will take decisions quickly enough to "accommodate a rapid increase in coal exports."

But an even bigger constraint is likely to be the complicated framework of regulations governing the extraction and transport of coal. To take just one example: growing rail traffic is likely to prompt increasing opposition from inhabitants along the route. "This factor," says Wocol, "may be of key significance near West Coast port areas which have no history of coal rail transport."

Hurdles

Another vital factor will be the Federal Government's attitude to mining the coal: the Government owns 65 per cent of Western coal reserves and indirectly controls another 20 per cent. However, Wocol points out that no comprehensive federal coal leasing policy yet exists and there has been a leasing moratorium since 1970, with the exception of small-scale emergency leasing at existing mines.

But before any of these hurdles can even be approached, potential investors need to have firm contracts for their coal.

Requirements for a Typical U.S. Export Coal Chain

	MINES	TRAINS	PORT	SHIPS	POWER PLANTS	TOTAL SYSTEM
Coal flows	5.75m tons/yr	same	same	same	same	5.75m tons/yr
Facilities	105 cars @ 100 ton 60 trips/yr 450,000 tons/yr	10m tons/yr	52,000 tons 10 trips/yr 520,000 tons/yr	800 MW		
Unit size	2m tons/yr					
Numbers required	2.9 mines	8.8 trains	0.6 ports	11 ships	3.1 plants (2500 MW)	
Lead times	3 years	1 year	2.5 years	1 year	5 years	5 years
Total capital*	\$300m	\$75m	\$75m	\$350m	\$2.4bn	\$3.2bn

* January 1988 to 1991

Source: Wocol.

from the Italian viewpoint seems to be the question of price: the Wocol team feels the need to knock down as "short-sighted" the widespread argument that there is no incentive to import coal because the present price (coupled with the inconvenience of handling the fuel) fails to make it more attractive than oil.

This, in turn, is part of what the Italian team describes as a much wider "circular uncertainty" governing the whole question of coal use. For example, will advances in coal/oil mixes allow coal use in existing oil plants with relatively minor changes? What will environmental pressures be like in the 1990s? What will be the rate of increase in energy use?

These questions on the demand side of the equation are mirrored by uncertainty on the supply side, yet firm decisions on boosting coal production and consumption have to be taken very shortly.

A measure of the problem is given by Wocol's own estimates: its figures vary widely, depending on different estimations of energy demand, growth, oil availability and delays in nuclear expansion.

How can private industry be expected to come up with firm plans for growth when a major international study can, for example, only give U.S. infrastructure capital costs for the next 20 years ranging from less than \$1bn to more than \$5bn?

It would be naive to expect a smooth synchronisation of supply and demand over the next two decades. According to the Italians, "the dynamics will very likely be out of phase with one another, with supply probably lagging behind demand and leading to higher prices, both for exported coal and for transport services."

Although much will depend on the interplay of market forces, governments can do a great deal to smooth the transition, for example, by taking firm decisions on environmental regulations, port construction programmes and power station fuel mixes.

The Venice summit showed that governments have at least acknowledged the problem. But the good intentions expressed there have still to be translated into specific action and, as Professor Wilson has observed, "our most precious resource is time, which must be used as wisely as energy."

* *Future Coal Prospects*, The World Coal Study, Published by Harper and Row, 1989.

† *Coal, Bridge to the Future*, The World Coal Study, Harper and Row, 1979.

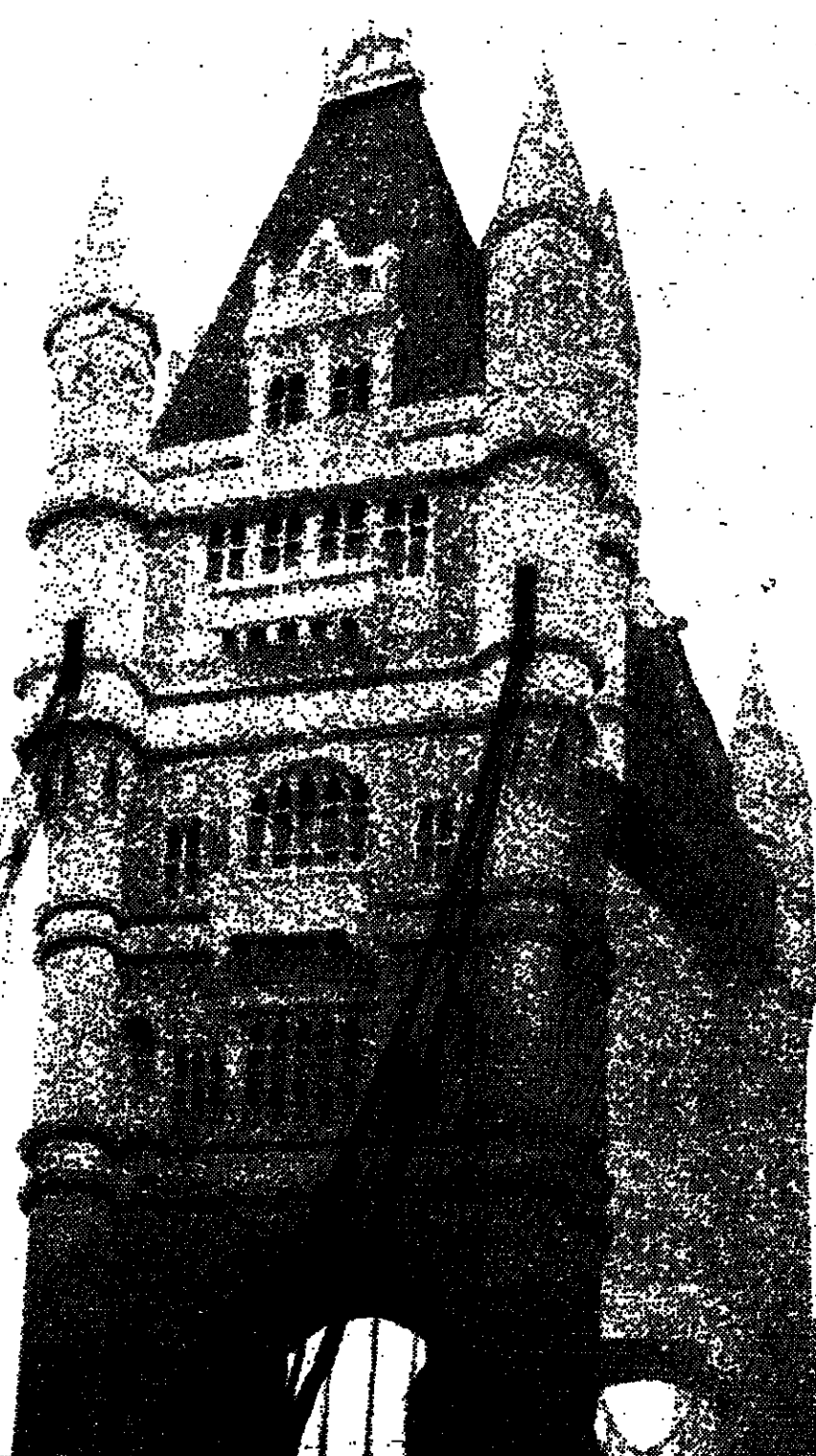
An approach to Property in the City

Tower Bridge, built in 1894, stands out above all Thames bridges for its integrity of design and its long tradition of bringing together people and property between two banks.

Like J.L.W. it opens its doors to worldwide trade and provides a well established route to commercial property and investment. Unlike the bridge, however, J.L.W. is flexible and has grown to meet the ever more sophisticated demands of the property investor. One recent innovation is the method of measuring the performance of property investments (called PPAS).

J.L.W. is a closely linked worldwide network of professional people, highly experienced in all aspects of the property market.

INVESTMENT • VALUATION • ACQUISITION • SALES • AUCTIONS • ESTATE MANAGEMENT • FINANCE • PROJECT MANAGEMENT • DEVELOPMENT • BUILDING MANAGEMENT • PROPERTY INVESTMENT PERFORMANCE ANALYSIS • RESEARCH • BUILDING SURVEYING • J.L.W. "COMPUTON" PROPERTY COMPUTER SERVICES



Jones Lang Wootton ..a bridge to property worldwide.
Chartered Surveyors International Real Estate Consultants

103 Mount Street, London W1V 6AS. Tel: 01-493 6040. Telex: 23858
33 King Street, London EC2V 8EE. Tel: 01-606 4060. Telex: 885557

Offices in: LONDON, CROYDON, NEWMARKET, GLASGOW, EDINBURGH, ST. HELIER, DUBLIN, BRUSSELS, ANTWERP, PARIS, AMSTERDAM, ROTTERDAM, FRANKFURT, HAMBURG, NEW YORK, LOS ANGELES, HOUSTON, SYDNEY, CANBERRA, MELBOURNE, ADELAIDE, BRISBANE, PERTH, HONG KONG, KOWLOON, SINGAPORE, KUALA LUMPUR, Associated Offices in: CHRISTCHURCH, AUCKLAND.

Pound rises

Sterling advanced in the foreign exchange market yesterday as news that Bank of England's Minimum Lending Rate was unchanged. The pound rose to \$2.4040-2.4050, showing a general weakness on fears of a cut in MLR, but improved quite quickly, reaching \$2.4170-2.4180 before the announcement from the UK authorities, which set the rate at 12 per cent. The pound's recovery was helped by the opening of the New York market, and it touched a peak of \$2.4230-2.4240, before easing at \$2.4185-2.4195, a rise of 3.2 points on the day. The pound's trade-weighted index, as calculated by the Bank of England, was unchanged at 76.1, after opening at 76.1 and improving to 76.4 at noon.

Sterling also gained ground against other major currencies, gaining 0.25 p.m. against the dollar, and closing at DM 2.3975 compared with DM 2.3925 on Wednesday.

The dollar showed little movement on balance, finishing at \$1.1775 in terms of the pound, compared with \$1.1725 against the yen, compared with \$1.1725, and unchanged at \$1.1625 against the Swiss franc.

On Bank of England figures the dollar's index was unchanged at 5.55.

D-MARK—One of the weaker members of the European Monetary System of last week, but showing signs of recovery, against the dollar following doubts about the future trend in U.S. interest rates and Federal Reserve monetary policy ahead of the Presidential election. The D-mark edged changes at the market, ending at \$1.1725, a little surprise that the German authorities left credit policies unchanged at yesterday's central bank council meeting. The

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rate	% change against ECU	% change against last week	% change against last month	Divergence limit
Belgian Franc	39.7897	0.0000	+2.05	+0.79	+1.53
Dutch Guilder	7.2336	0.0000	+1.44	+0.18	+1.64
French Franc	2.4936	0.0000	+1.34	+0.68	+1.125
Italian Lira	5.4936	0.0000	+0.84	+0.37	+1.21
West German Mark	2.7537	0.0000	+0.29	+0.97	+1.512
Spanish Peseta	6.6820	0.0000	+0.42	+0.84	+1.688
Portuguese Escudo	119.37	0.0000	+0.08	+2.30	+2.408

Changes are for ECU, therefore, positive change denotes a weaker currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS-RATES					
Sept. 4	Poundsterling	U.S. Dollar	Deutschemark	Japanese Yen	
ound Sterling s.Dollar	1 0.412	2.49 1	4.296 1.777	595.0 217.0	
deutschemark spanese Yen 1,000	0.235 1.506	0.563 4.608	1 8.126	122.5 1000.	
ranch Franc 10 wiss Franc	1.001 0.254	2.482 0.614	4.202 1.091	525.7 135.2	
utch Guilder talian Lira, 1,000	0.214 0.485	0.517 1.181	0.919 2.018	118.2 256.3	
anadian Dollar elgian Franc 100	0.255 1.458	0.860 3.512	1.589 6.329	196.7 766.7	

COMMODITIES AND AGRICULTURE

Somalia
sugar
project open

By John Wynn in Somalia
SOMALIA WILL be entirely self-sufficient in sugar with a production of 70,000 tonnes a year when the \$188m (£77.82m) Juba River project is fully on stream in 1984.

The project, which was set up in 1974, was the first of a series of projects which the Somali government has opened this week in the presence of the Somali President Siyid Barre, by the Somali Minister of Industry, Dr. Ali Gaidi.

It is an almost all-Arab financed project, with \$85.5m from Abu Dhabi, \$80m from Saudi Arabia and \$10m from the Open Special Fund.

Almost all the technology is applied by Britain, with a factory, with a capacity of 700 tonnes a week, was designed, supplied and constructed by the British firm, Fletcher and Stewart.

The Juba project is the largest grass roots development yet undertaken by Somalia. A large flood protection embankment has been built which is expected to avert the kind of flooding which inundated the project after its first two years of construction.

Warning on use
of caffeine

By Sara Davies
A WARNING on the use of caffeine—present in coffee and tea—was made yesterday by the U.S. Food and Drug Administration in Washington.

The FDA plans to issue a warning to pregnant women to avoid foods that contain caffeine.

The warning results from a study in which the offspring of rats fed high doses of caffeine developed irreversible birth defects.

Dr. Jere Goyan, commissioner of the FDA, noted that the study has caused concern among FDA scientists that they are warning pregnant women to avoid caffeine.

Although it was further noted that the FDA had no proof that the effect of caffeine on rats indicates that the same birth defects would occur in humans.

In London the coffee market showed little reaction, with robust futures rising \$10 higher at \$1,097.5.

EEC butter deal
rejected by NZ

BY JOHN WYLLS IN BRUSSELS

NEW ZEALAND'S on/off deal with the EEC covering its future butter exports to the Community, was deadlocked last night after the rejection of a revised offer from Brussels.

As a result, the UK was expected to seek a special meeting of the EEC agriculture ministers to try to resolve an impasse which brings little credit to the Community.

In July the Nine's farm ministers appeared to agree to reduce the import duties on New Zealand's butter exports to return for a cut in deliveries to the EEC this year, from 115,000 tonnes to 95,000 tonnes.

Subsequently, however, France reversed its apparent acquiescence in the agreement, and demanded a renegotiation. But yesterday New Zealand

turned down a new offer which would have reduced the return to its dairy producers by \$3.1m in comparison with the formula apparently agreed in July.

The original offer would have reduced the import duty on New Zealand butter so as to yield 75 per cent of the EEC's intervention price, instead of the current 50 per cent. Yesterday the Nine offered 72 per cent of the intervention price which was promptly rejected by New Zealand negotiators.

France's tactics have caused some mystification here. But the current arrangement governing New Zealand butter imports expires at the end of this year and with the EEC's dairy sector creating vasty expensive surpluses, Paris would obviously favour a restrictive regime for New Zealand as possible.

Low quay prices hit
Peterhead fishermen

BY RICHARD MOONEY

FISHERMEN at Peterhead, now Britain's most important fish port, fear they could succumb to the depression that has hit their Humberide colleagues unless trade at the port picks up soon.

Low catch quotas and declining quay-side prices mean that most of them are losing money on every fishing trip, they claim.

Mr. Arthur Buchan, one of the Scottish east coast port's top skippers believes things are so bad that he is seriously considering quitting the UK fishing industry to accept a post teaching fishing to Americans.

As he surveyed his latest catch of good quality cod yesterday morning, he forecast that he would receive no more than about £27 a box (91 lb weight) for them compared with the £42 he was getting two years ago.

Meanwhile costs had risen dramatically lifting his expected fuel bill this year to £53,000 against £43,000 in 1979.

"If this goes on we cannot survive," he said. Another skipper back from an eight day trip yielding 12 tonnes of fish said he would need to make at least £7,500 for his catch to be worth while. But more realistically he was hoping for £6,000 and feared he might get as little as £4,000.

Also feeling the pinch was Mr. Willie Hay, vice president of the Scottish Fishermen's Federation, who operates a 54 ft trawler from the port. His last catch, sold on Wednesday made a loss of £1,000, he estimated.

At that rate the £5,500 share he expected from the Government's recently announced £15m aid package would not last long, he observed.

Mr. Hay said he would have to be satisfied with the £15m aid package would not last long, he observed.

Mr. Tanchai said the paddy buffer stock should be established at the beginning of the rice harvest season, November to March, when paddy is in heavy supply and its price generally low.

Acil seeks
Tennant
Metals stake

By John Edwards,
Commodities Editor

THE U.S. based Acil commodity group is seeking to acquire a stake in Tennant Metals Trading, ring-dealing member of the London Metal Exchange, it was confirmed yesterday.

Talks are still going on, but it is understood that the suggestion is that Acil would become a substantial minority partner in Tennant Metals Trading, which is currently 75 per cent owned by Consolidated Goldfields and 25 per cent by the Japanese group, Marubeni.

Acil has been pressing to become ring-dealing members of the London Metal Exchange for some time, but so far their applications for membership have been turned down.

Acil, and its associate company A. C. Israel Woodhouse, are substantial traders in metals and commodities worldwide.

Zambian copper
strike averted

A strike by Zambian copper workers has been averted. The Government-owned Zambian Daily Mail reported yesterday that in Lusaka. The miners had threatened to strike in protest against employment conditions, but have now reached agreement with the two mining companies who offered pay increases to supplement the existing three-year contract terms, as well as promising to review the incentive bonus schemes. In the U.S. meanwhile, the settlement between Kennecott and copper workers' unions to end the nine-week-old strike is still reported to be held up by failure to agree "local" issues.

However, the issues, which do not include wages, are expected to be resolved fairly soon leading to a return to work. Another big U.S. copper producer, Anaconda, has broken off negotiations with union representatives following deadlock at talks between the sides. But Anaconda is expected to start negotiations today and other producers are expected to come under pressure for a settlement once the Kennecott deal is finalised.

On the London Metal Exchange yesterday cash copper wirebars closed \$7.5 up at \$839.5 a tonne following the uptrend in gold.

However, the issues, which do not include wages, are expected to be resolved fairly soon leading to a return to work. Another big U.S. copper producer, Anaconda, has broken off negotiations with union representatives following deadlock at talks between the sides. But Anaconda is expected to start negotiations today and other producers are expected to come under pressure for a settlement once the Kennecott deal is finalised.

On the London Metal Exchange yesterday cash copper wirebars closed \$7.5 up at \$839.5 a tonne following the uptrend in gold.

EEC FARM POLICY
Rising cost of surpluses

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

COMMODITY TRADERS are normally impressionable optimists. So the news of drought damage to the grain crops in the U.S., and a decline in Russian harvest prospects, is enough to set the markets moving.

This optimism is spreading to the extent that farmers in Britain and elsewhere in the EEC are coming to believe that the days of permanent shortage, as foreseen by the gloomy Malthus are at hand.

Malthus, for those who don't remember, was an 18th century cleric who forecast that within a few years world populations would grow to the extent that the possibilities of food production would have been exhausted, and mankind would perish from hunger and consequent disease. Over the last two centuries Malthus has been proved several hundred per cent wrong. The producers of food have suffered far more from over production than the reverse. Those who have suffered are still suffering the pangs of hunger, are the victims of inefficiency or war, neither of which have the least bit to do with food production.

Because most food products are perishable—even grain has a limited store life—they have to be sold fairly quickly for what the market will pay at the time. Shortages are usually brief but can bring spectacular price rises in the same way that surpluses, even very small ones, can make markets crash. Because production is infinitely variable, due to climatic and other factors, no one has managed to find the answer to this price volatility.

It is perfectly true, as a cynical friend once declared, that the only real basis for a prosperous agriculture industry would be when the mothers of

Britain were dropping their children over Waterloo Bridge rather than see them starve to death. At a time like that every scrap of food could be sold without argument from the buyer. However we are a long way from this state at the moment.

The present American wheat price, delivered in Chicago, is below \$80 a tonne. The intervention price in Britain today for bread-making wheat is £109.55 a tonne and for feed wheat and barley is £97.50. For the record, too, U.S. wheat is quoted at \$95.50 cfr. Turbun, and maize at \$70 cfr. American wheat is of higher yield and lower moisture than European grain. The only reason why the market is not flooded by imports is because of the EEC import levy of \$48 per tonne on wheat and \$44 on maize.

U.S. grain values set the world market prices. But they will have to rise substantially before UK grain would be able to compete with the aid of heavy subsidies or export restrictions, currently around \$80 a tonne.

At present the UK market is suffering from marked indigestion. There is little exporting, and in tonnes of barley and a sizable volume of wheat is flowing to intervention stores. The same applies in the other EEC countries.

Those who believe world grain prices will rise can point to the behaviour of the world sugar market over the past year. The EEC, instead of having to pay out a restitution of £153 per tonne as in September last year, is now collecting a levy around £25 a tonne on sugar exports, thanks to the surge in world values. This increase will make no difference to Community sugar price levels, but it might

encourage those who were opposing the cuts on the Community production quota.

Dairy farmers were heartened in July by the statement by Sir Henry Plumb that the Community's surpluses of milk products were down to very manageable levels. This was, and is, absolutely true. But the shrinkage of the "mountains" of both butter and skimmed milk powder were due not to some unexpected flush of market demand, but to a most successful cut-price sales programme. Large subsidies have been used to dispose of the surpluses to Russia and other countries, as well as domestic subsidies for butter and to the animal feed industry, to boost sales of skimmed milk powder.

The cost of this subsidisation this year is expected to total 4.4bn European Currency Units (around £2.6bn). In sterling terms, this is a reduction in the 1979 cost of around £3bn but the decline is entirely due to the strength of sterling.

In European markets meat is showing nasty signs of surplus too. Beef is going into intervention and even in Britain some 750 tonnes a week are taking this course. However, where the British farmer's gain is that their pig price is somewhat higher than that being received by their Continental colleagues.

In view of this trend the Commission in Brussels must be hoping for some really disastrous crop news from the U.S. and elsewhere. Otherwise the cost of disposing of the excess production of European farmers will continue increasing, inexorably bringing nearer the moment when the Community runs out of the wherewithal to finance it. It is only a question of time. What then?

EEC 'could
run out
of cash'

WASHINGTON — Increased farm prices approved by the European Community have put farmers ahead of inflation in France, Italy and Denmark, but left them behind general price increases in the other six member countries, according to an analysis by the U.S. Department of Agriculture.

Peter O. Kurz, a farm economist for the Department, says the real rate of farm price increases in Western Europe can only be obtained by adding the nominal price increases agreed by the Nine Governments to the increases obtained by changes in the "Green Currency exchange rate".

This method of figuring gives French farmers a price increase of 12.2 per cent, compared with an 11 per cent general inflation rate, and Italian farmers 18.5 per cent, compared with an inflation rate of 16.7. But prices to be paid to British farmers went up only 10.7 per cent, much less than Britain's 21.6 per cent inflation.

Irish, Belgian, Dutch and Luxembourg farmers will also find their price increases smaller than their increased costs, according to Kurz's table.

A farm expert at the Community's delegation in Washington said that at first glance, the method of calculation seemed reasonable, but he pointed out that the rises in prices on the goods that farmers buy may not correspond precisely to national inflation figures in any given country. For example, farmers who use a lot of fertilizer made from petroleum are hit harder than other citizens by high oil price increases.

Judith A. Phillips, another Agriculture Department economist, predicted: "If agricultural expenditures continue to increase at about 13 per cent annually as projected, the Community's resources could be exhausted within two years."

She calculated that the EEC's outlay for agriculture in the current year would amount to \$16.5bn, because of the system under which it buys up surpluses in unlimited quantities at the agreed prices. She said dairy products, sugar, beef and grains are now in surplus — omitting to mention others such as wine and olive oil.

Soviet harvest nearly complete

THE USSR reported yesterday that its grain harvest is nearly two-thirds complete, but official reports indicated farmers are still struggling in waterlogged fields in many areas.

A central statistical board report in Izvestia newspaper said that by September 1 grain and pulses (except maize) had been cut on 78.3m hectares or 63 per cent of the total. The crop had been threshed on 65.5m hectares, or 84 per cent of the cut area.

Detailed figures revealed big regional variations, reflecting the weather which has mostly affected the central, northern and western areas of the country.

Yevstevia said the situation in the non-black earth regions of central Russia was difficult, and the harvest was being seriously hampered by rain. Of 16.7m hectares only 5.2m had been threshed. It said farmers were having to take emergency steps to get in the crops with the aid of urban workers, students and the army.

Near Moscow farmers were cutting the grain crop with machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the weather service reported.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the weather service reported.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the weather service reported.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the weather service reported.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the weather service reported.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the weather service reported.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

The newspaper warned that this delay would hold up harvesting of sugar beet and potatoes and the sowing of winter crops. Sowing of winter crops was complete on 9.6m hectares or 22 per cent of the planned area, the report said.

Tornadoes and hail with heavy winds hit areas of the U.S. on Wednesday night, the weather service reported.

machinery normally used for cutting hay, then transporting it on trailers to be dried out and threshed.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firm on the London metal exchange, with a sharp rise in gold and silver. Forward metal opened around the mid 280s, but fell away on profit taking to 286.5. The morning's trading after the market moved up strongly, as a strong note, led forward metal higher to close the day at 288.2. Turnover: 21,150 tonnes.

OPPER	a.m. Official	+ or -	p.m. Unofficial	+ or -
	£	£	£	£
Febars				
ash	888.9	-10	888.40	+7.5
months	848.9	-8.25	888.8.5	+7.5
attlem't	839	-10		
triods				
ash	797.8	-8	808.7	+4.5
months	821.1.5	-7.25	830.2	+7
attlem't	798	-8		
S. Fred			*83.85-96.25	+8.45

LONDON STOCK EXCHANGE

BP and other trading statements support equities
Gilt more cautious but shorts rally well from lowest

Account Dealing Dates

*First Declared Last Account
Dealings from Dealings Day
Aug. 11 Aug. 28 Aug. 29 Sept. 8
Sept. 1 Sept. 11 Sept. 12 Sept. 22
Sept. 15 Sept. 25 Sept. 26 Oct. 6

New time "dealings may take place from 9 am two business days earlier."

Better than expected trading statements from British Petroleum and other industrial groups caused yesterday to extend the previous two-day uptrend. Most sectors were content to tick over awaiting the 12.30 pm Minimum Leading Rate announcement. The absence of a reduction in the 16 per cent level this week made little impact on market sentiment which remained more optimistic than recently about a cut in the rate in the near future.

FT-Actuaries

The published values of groups 21, 49, 59 and 99 have all been understated, by percentages of 0.306, 0.1409, 0.1122 and 0.0931 respectively, from August 5 to September 3 inclusive due to a computer malfunction.

Corrected values from August 29 to September 3 are included in today's display, and a full list of the corrected indices will be published in tomorrow's issue in which the display will contain corrected 1980 highs and, for group 99, the All-Share index, the amended high since compilation.

The increased figures came as a pleasant surprise and BP rallied swiftly from a lower early level of 340p to 356p before settling a net 4 up at 354p. The interim profits announced by Cadbury Schweppes also beat most estimates and a rise of 4 1/2 to 66p followed, with other leading food improvers in sympathy.

On the market. In the absence of any follow-through investment support, short-dated issues encountered profit-taking and reacted by up to 1/2 before staging an impressive late rally on suspected American buying. Quotations ended only fractionally easier on balance. Similar conditions obtained at the longer end of the market where losses were eventually halved to around 1/2 in much quieter trading.

The volume of business in the traded option market contracted sharply with only 730 deals arranged compared with the previous day's 1,278. Lomrho were active again, recording 13 deals, and Courtlands contributed 120.

Sun Alliance up again

Following comment on the interim statements, Sun Alliance gained 16 to 765p, Phoenix 8 to 300p and GRE 6 to 338p. Other Composites also made useful progress with Royals closing 13 to the good at 433p and Eagle Star 3 dearer at 241p. Elsewhere, Equity and Law appreciated 4 to 318p as did Pearl, to 410p. Lloyd's brokers, however, were dull: Willis Faber lost 5 further to 235p, C. E. Heath 4 to 189p and Hogg Robinson 3 to 115p. Edinburgh and General closed unaltered at 29p; the price in yesterday's issue was incorrect.

Merchant Banks encountered selective support. Mansons Finance stood out with a rise of 5 to 59p, after 60p, while improvements of 6 and 7 respectively were seen in Arbuthnot Latham, 210p and Hambros, 567p. Keyser Ullmann put on 3 to 99p. In Discounts Allen Harvey and Ross gained 5 to 405p as did Catter Ryder, to 365p; the former's interim figures are due next Thursday. Quietly firm conditions prevailed in the major clearers which closed with rises of around a couple of pence.

Leading Breweries failed to attract follow-through support after a firmer opening and most closed around the overnight positions. Regional issues displayed a mixed appearance with F&N easing a penny more to 141p. Higgs, however, added 3 to 78p, while Adams A rose 10 to 280p. Among Distilleries, Invergordon ended unchanged at 202p following the interim results, but the chairman's uncharacteristic caution at the annual meeting clipped 3 from H. P. Bulmer, 153p.

For Woodrow advanced 9 to 486p and SGE 6 to 164p. Newarthill moved 2 to 305p and George Wimpey edged up 2 to 37p. On the other hand, Costain, a rising and the shares jumped 4 to 66p. Other food leaders trended firmer in sympathy. J. Sainsbury picked up 7 for a two-day gain of 25 at 495p, while Rowntree Mackintosh added a couple of pence to 170p. Fitch Lovell added a half penny to 76p, while Linford hardened a penny more to 166p.

Other Retailers also came in for support with Kwik Save closing 4 up at 131p, and Bejam 7 to the good at 93p. A favourable Press mention helped Nurdin and Peacock, 10 better at 187p, while Associated British Foods added 3 more at 125p. Somport continued to attract

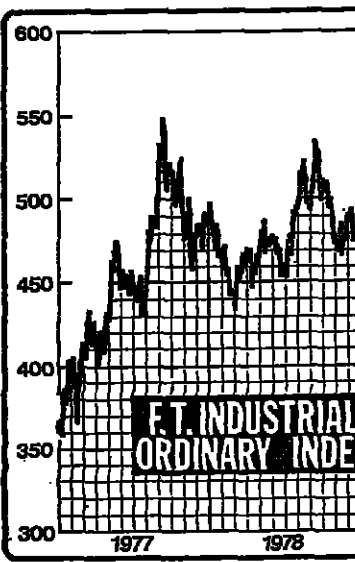
Ferranti advance

Assisted by news of the £100m NATO defence contract and the Government hint that it might consider changing its defence procurement policy to increase the competitiveness of British companies, leading Electricals got off to a lively and firm start. However, lack of sustained interest brought prices back to end around overnight closing levels. The two beneficiaries from the NATO contract, GEC and Plessey, ended unaltered at 498p and 240p. Outside the leaders, demand in a restricted market left Ferranti 24 to the good at 447p. Interest revived in Hawthorn Leslie which put on 4 to 124p, while Whitworth Electric added 3 more to 51p making a rise of 30 since the results were announced last Monday. Crystalline improved 3 to 51p and Derrington 2 to 33p, while Quest Automation, 178p, and Amstrad, 100p, gained 5 apiece.

Engineering leaders failed to show a decided trend. John Brown hardened 2 to 65p, but GKN drifted off to close 5 cheaper at 227p; the latter's interim results are due shortly. Among secondary issues, good interim results stimulated a lively trade in Northern Engineering which firmed 3 to 65p, but lower half-yearly profits prompted a reaction of 4 to 74p in Midland Industries. Buyers showed interest in Howden Group which put on 6 to 118p and RHP, a few pence dearer at 114p. Westland, however, encountered profit-taking after

the recent good rise and reacted 2 to 126p.

First-half earnings from Cadbury Schweppes proved to be in excess of market expectations and the shares jumped 4 to 66p. Other food leaders trended firmer in sympathy. J. Sainsbury picked up 7 for a two-day gain of 25 at 495p, while Rowntree Mackintosh added a couple of pence to 170p. Fitch Lovell added a half penny to 76p, while Linford hardened a penny more to 166p.



with a jump of 13 to 86p on the Board's decision to set up a small stores group.

Bowater dull

Bowater encountered selling ahead of next Tuesday's interim results and closed 7 down at the day's lowest level of 166p. Other miscellaneous industrial leaders closed with narrow mixed movements after another quiet session. Turner and Newall hardened a penny to 110p ahead of next Thursday's mid-term figures and Reckitt and Coleman, first-half results due on Tuesday, edged forward 2 to 210p. Aeronautical and General Instruments featured secondary issues, continuing its recent rise with a jump of 35 to 495p on news of the proposed 100 per cent scrip-based support in a restricted market and advanced 17 more for a two-day rise of 35 at 205p. Ames Minton were prominent

in speculative buying lifted FMA 6 to 35p, after 36p, while Royal Worcester rose 12 to 300p on recovery hopes. Still reflecting share-slumping hopes, De La Rue gained 15 to 545p, while Sotheby's improved 7 to 480p on investment buying. BTR improved a few pence to 38p ahead of Monday's interim results, while Letraset International found support at 124p, up 4. In contrast, Sharma Ware fell 8 to 160p on the sharply lower interim earnings and BET lost a similar amount to 142p following disappointment with the annual results. The cautious statement accompanying the results prompted a reaction of 2 to 58p in Grimsdale, Jardine Matheson lost 6 to 174p following Far-Eastern advances.

BP below best

Half-yearly results well above recent estimates took British Petroleum up to 356p, before settling only 4 higher on the day at 354p. The group's figures had little impact on other Oils which finished the day on a quietly dull note. Among the speculative issues, details of Svenska's Brae field deal prompted a reaction of 11 to 265p in Sovereign after the previous day's late upward flurry. Aran were also dull at 434p, down 14, while Double Eagle reacted 10 to 230p. Clyde, 242p and Tanks 2 to 327p, moved to 470p and Cluff improved 5 to 300p, while speculative interest was shown in KCA which put on 5 to 96p.

Investment Trusts turned prominently better yesterday with buyers paying particular attention to selected capital issues. New Throghmorton Capital closed 18 higher at 185p, while Derby Capital advanced 12 to 207p and M and G Capital put on 5 to 172p. Elsewhere, Aberdeen advanced 5 to 86p. Financials were featured by a rise of 3 to 97p in Charterhouse Group following the increased interim profits, while demand in a thin market prompted a rise of 7 to 77p in R. P. Martin. Mercantile House improved 4 to 39p.

In Shippings, Manchester Liners jumped 12 to 215p on the news of the scheme of arrangement with Furness Withy.

Textiles were featured by Brigray which closed 3 higher at 8p following the appointment of three new directors. David Dixon firmed a couple of pence to 107p awaiting today's full-year results.

Golds rise

South African Golds continued to dominate activity in mining markets as another good performance by the bullion prices—finally \$10 ahead at \$447.50—continued to renew demand from most international centres, notably the Cape, and lifted the Gold Mines index a further 5.5 to 410.5. Financials were equally strong, and featured by Anglo American, 25 up at 685p, and De Beers, 22 ahead at 434p.

FINANCIAL TIMES STOCK INDICES

	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 29	Aug. 28	Aug. 27
Government Secs...	68.88	68.04	68.50	68.08	67.72	67.70	74.33
Fixed Interest...	70.16	69.95	69.61	69.27	68.94	68.86	73.50
Industrial...	480.2	489.6	482.7	480.7	483.5	488.7	481.7
Gold Mines...	410.5	405.0	401.0	387.1	389.7	390.9	198.8
Ord. Div. Yield...	7.47	7.47	7.57	7.57	7.59	7.57	7.57
Earnings, Yld. % (full)	17.27	17.38	17.58	17.68	17.54	17.50	17.24
P/E Ratio (net) (?)	7.08	7.09	6.83	6.90	6.84	6.78	7.30
Total Bargains...	18,767	18,365	16,988	16,378	19,500	18,946	15,064
Equity turnover £m.	—	97.88	93.96	80.42	122.23	116.95	94.27
Equity bargains total	14,045	11,863	11,851	14,794	15,083	13,584	—

10 am 482.7, 11 am 481.0, Noon 481.4, 1 pm 482.3, 2 pm 481.1, 3 pm 481.4, Latest Index 01-246 8025.

*All = 6.54.

Base 100 Govt. Secs, 15/10/26. Fixed Int. 1928, Industrial 90, 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980	Since Comp'n	1980	Since Comp'n
	High	Low	High	Low
Govt Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (8/1/86)	49.18 (1/1/78)
Fixed Int.	74.08 (24/7)	64.70 (1/8)	150.4 (8/1/78)	50.55 (1/1/78)
Ind.Ord.	502.1 (1/8/79)	401 (6/7)	658.4 (28/8/80)	45.4 (1/1/78)
Gold Mines.	410.5 (4/8)	385.5 (1/8)	442.3 (22/8/79)	43.5 (28/1/77)

S.E. ACTIVITY

	Daily	5-day	10-day	100-day
	Edged	Edged	Edged	Edged
Govt Secs.	108.5	108.5	108.5	108.5
Industrial	90.0	90.0	90.0	90.0
Speculative	50.0	50.0	50.0	50.0
Totals	148.5	148.5	148.5	148.5

Generators advanced 30 more to 900p in front of the sharp rise in half-year profits and the doubled interim dividend. Heavy American support lifted Minorco 30 to 395p.

London Financials continued to gain ground led by RTZ which jumped 9 for a three day rise of 35 to 466p, while Gold Fields added 7 to 545p, Charter 5 to 327p. Renewed Johannesburg interest lifted East Rand Consolidated a further 4 to 28p.

NEW HIGHS AND LOWS FOR 1980

	NEW HIGHS (124)	NEW LOWS (21)
AMERICANS (7)	—	—
BANKS (4)	—	—
BUILDINGS (1)	—	—
CHEMICALS (2)	—	—
DRAPERY & STORES (2)	—	—
ELECTRICALS (2)	—	—
ENGINEERING (2)	—	—
FOODS (10)	—	—
INDUSTRIALS (2)	—	—
MINES (17)	—	—
NEEDLES (1)	—	—
PAPER (2)	—	—
RETAIL (1)	—	—
SHIPPING (2)	—	—
TEXTILES (2)	—	—
TOBACCO (1)	—	—
WINE & SPIRITS (1)	—	—
YACHTS (1)	—	—

RISES AND FALLS YESTERDAY

	Up	Down	Stagnant
British Funds	—	710	23
Foreign Bonds	—	21	38
Industrial	308	124	362
Financial and Prop.	281	27	217
Oil	—	3	18
Plantations	—	3	18
Mines	67	39	16
Others	—	—	—
Totals	761	225	1,291

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Thurs., Sept. 4, 1980

Weds. Sept. 3, 1980

Tues. Sept. 2, 1980

Mon. Sept. 1, 1980

Fri. Aug. 29, 1980

Year ago (approx.)

Figures in parentheses show number of stocks per section

Index No. Day's Change % Est. Earnings Yld % (Net) Gross Yld % (Net) Ed. P/E Ratio (Net)

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

Index No. Index No. Index No. Index No. Index No.

ACTIVE STOCKS

Denomina- No. Closing Change 1980 1980

tion marks price (p) on day high low

Stock

10p 8 32 + 2 92 54

25p 7 348 + 4 373 260

25p 7 488 + 4 512 328

25p 7 103 + 1 105 77

25p 7 408 - 2 432 314

10p 10 685 + 25 720 485

25p 6 86 + 1 86 58

25p 6 185 + 5 190 120

25p 6 342 - 2 402 348

50p 6 240 - 2 247 106

25p 6 502 - 1 512 388

25p 6 285 - 10 313 177

25p 5 282 + 2 290 223

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 237 - 5 279 224

25p 5 2

AUTHORISED UNIT TRUSTS

Account Aug. 29	114.68	=	|	|	11.96
Account Aug. 29	124.68	=	|	|	11.96
Charities Official Invest. Fund:					
London Wall, EC2M 1JH.					01-588 1815
Come Aug. 19	157.56	=	|	|	7.87
Account Aug. 19	161.00	=	|	|	
Gleffain Trust Managers Ltd. (a)(g)					
New St., EC2M 4TP.					01-283 2632
Americana(2)	26.0	-	28.2	+0.58	2.10
St. Eusebio Trust(2)	26.9	-	29.2	+0.3	0.85
ph Essex	57.7	-	60.4	+0.2	17.45

[illegible]

High & Pwd. Inv. Inc.	47.8	-4.2	10.13
High Return	57.2	+0.5	12.15
Zone	42.2	+1.0	10.39
K. Funds			
Int. & Fxd. Inv. Grth.	49.8	50.4	-0.1 7.94
Eq. Expd.	57.4	61.7	+0.5 4.91
Foreign Funds (2)			
Europe	74.4	79.4	+0.8 2.27
Japan	78.1	83.9	+0.4 8.58
Asia	58.0	62.4	-0.3 1.05
E. Asia	59.7	98.4	+2.4 1.17
Other Funds			
Commodity	135.9	146.1	+1.0 3.13
Energy	157.4	147.9	-2.0 1.30
Mutual Svc.	82.4	88.4	+1.0 3.41

Corp. Bond/Exec.	217.11	18.11	
Intl. Bd./Exec/Unit	156.58	17.58	+0.09
Deposit Bond	157.3	140.0	
Equity Accum.	267.9		+1.3
Property Accum.	317.75		+1.5
Stnsd. Accum.	722.2		
Ind Property	128.0	131.2	+1.4
Ind Property	121.5	130.2	+0.7
Ind Managed	115.8	122.5	+0.8
Ind Deposit	115.8	122.5	+0.7
Ind Ctr	222.8	222.8	
Ind American	112.2	202.3	+2.0
Eq. Pens./Acc.	141.3	153.8	+1.9
Pty. Pens./Acc.	150.5	150.5	
Med. Pens./Acc.	157.8	145.8	+0.9

Managed Fund	1121	118.0	-
Fixed Ins. Fd.	1124	118.3	-
Secure Cap. Fd.	1130	118.9	-
Equity Fund	1234	124.9	-

Irish Life Assurance Co. Ltd.			
Basilston House, 7/11 Moorgate, EC2 01-606 8401.			
Blue Chip Sept. 4	85.1	89.4	+1.1
Blue Chip Ser. 11	118.5	116.3	+1.5
Managed Fund	282.5	297.0	+4.0
Mongod. Fd. Ser. 11	113.5	118.5	+1.6
Exempt. Man. Fd.	147.6	155.4	-
Prop. Mid. Sept. 1	243	255.8	-
Prop. Mid. Gd. Sept. 1	282.9	297.7	-
Prp. Mid. Grth. Ser. 11	132.8	139.7	-

Chv. Phys. Lab. Ul.	296.0	1.8
Man. Pers. Fd.	268.0	-1.9
Man. Pers. Ul.	186.4	—
Proc. Pers. Fd.	257.5	—
Bldg. Soc. Pen. Ul.	170.4	—
Bldg. Soc. Cap. Ul.	145.4	—
Gifts Pers. Fd.	113.2	—
Gifts Pers. Fd. Cap.	110.9	—
Pension Capital Life Assc. Co. Ltd.		
30 Bridge Road, W12 8PG. 01-749 9111		
Sel. Mkt. Fd. Cap.	100.8	113.9
Sel. Mkt. Fd. Sml.	130.4	137.7
Pension Equity	165.0	168.0
Pension Fxd. Int.	142.4	146.5

Pirelli Tire Co.	183.3	183.3	0.0	—
Prop. Fed.	183.3	183.3	—	—
Cash Fd.	141.5	149.0	—	—
Vanbrugh Pensions Limited				
41-43, Maddox St., Lon. W1R 9LA			01-499 4923	
Managed	133.0	140.3	—	—
Equity	151.0	151.0	—	—
Fixed Interest	124.7	129.9	—	—
Property	130.0	136.9	—	—
Guaranteed	14.5	—	—	—
Welfare Insurance Co. Ltd.♥				
Winslade Park, Easter.			0392-52155	
Monmouthshire Rd.	118.5	—	—	—

Car. Dist. 2nd. 1914	20.7	22.0	14.20
Car. Dist. Incl. Grh.	20.7	22.0	14.20
Car. Dist. Incl. Grh.	114.3	121.4	7.00
Guinness Mahon Ft. Mgrs. (Guernsey)			
PO Box 188, St. Peter Port, Guernsey, 0483 23505.			
Incl. Fund	\$20.66	21.35	
Price at August 28. Next dealing Sept. 25.			
Hambro Pacific Fund Mgmt. Ltd.			
2110, Connaught Centre, Hong Kong			
Far East Sept. 3	105.50	20.57	
Japan Fund, Sept. 1	105.50	9.04	
Haenbros Ft. Mgrs. (C.I.) Ltd.			
P.O. Box 88, Guernsey, 0482-26.5221			

Albany Financial Management Limited		
P.O. Box 73, St. Helier, Jersey		0534 73
Albany S.F. (C.I.)		0534 56
Next dealing day: 157.68		
1 Alexander Fleming		
57, rue Notre-Dame, Luxembourg		
Alexander Fund		0532 24
Net asset value Sept. 2		14.05
Allen Harvey & Ross Inv. Mgt. (C.I.)		
1 Clavering Court, St. Helier, Jersey		0534 77
AHR dollar fund (C.I.)		0534 10
AHR £ fund (C.I.)		0534 10
AHR Gf. Edg. Fd.		11.98 11.98
2 Alliance International Dollar Bonds		
c/o Bank of Bermuda, Hamilton, Bermuda		0534 41
Alliance International £ Bonds		0534 41
Daily dealings: Sept. 2 0.000240 (9.2% p.a.)		
Anshutram Securities (C.I.) Limited		
100, Rue 294, St. Helier, Jersey		0534 76
East & West Ltd. (C.I.)		130.01
Daily dealing day Thurs		
Gov't Secs. Tr. (C.I.)		86.58 86.58
Sterling Fd.		112.5 112.51

[illegible]

Abney Life Assurance Co. Ltd. 1-3 St. Paul's Churchyard, EC4.		
Equity Fund	32.1	45.4
Equity Acc.	26.9	42.9
Property Fd.	22.8	213.8
Property Acc.	222.1	34.6
Securities Fd.	128.9	127.3
Convertible Fund	152.8	164.9
Money Fund	142.5	150.6
Prop. Fd. Ser. 4	178.1	187.5
Plan. Fd. Ser. 4	126.8	175.2
Equity Fd. Ser. 4	45.5	47.2
Comm. Fd. Ser. 4	122.9	136.8
Money Fd. Ser. 4	72.8	134.9

[illegible][illegible][illegible][illegible][illegible]

WARSAW ASKS FOR WEEK-LONG VISIT TO BE POSTPONED

TUC leaders confused by Polish veto

BY CHRISTOPHER BOBINSKI IN WARSAW AND CHRISTIAN TYLER IN BRIGHTON

A REQUEST by Poland's official trade union organisation for the TUC to postpone its planned visit threw union leaders into confusion in Brighton yesterday.

Officials in Warsaw said a letter had been sent to the TUC stating: "Under the present circumstances we feel it better if the visit is postponed until a more suitable time."

However, a member of the Polish Trades Union said the TUC might still go ahead on a revised schedule, possibly for just one day.

Mr. David Bassett, chairman of the TUC's economic committee and head of the controversial delegation, said in Brighton the visit's status was not clear to him and the facts were being checked.

"We want to talk to the official Polish trade union federation, which issued the original invitation months ago, to establish the facts. As far as we are concerned at the moment, we have tickets for Monday and we intend to use them."

The six-man TUC delegation was due to fly from Heathrow Airport on Monday morning for a five-day visit, taking in Sopot on the Baltic coast near Gdansk and Warsaw. It has asked its hosts to arrange meetings with leaders of the workers who went on strike.

Poland's official unions, faced since the weekend by the challenge of independent unions now being set up by the workers, are in the throes of reorganisation and reform. A declaration in the official

thing — how to defend the interests of the working people. By our actions we must confirm that we are an autonomous and self-governing organisation."

From the Polish point of view this would clearly be a difficult time for official visits.

Yet cancellation means the TUC delegation will miss the chance to share their experience with the new independent unionists, who are at the difficult stage of actually establishing their unions under the terms of the agreements signed between inter-factory strike committees in Gdansk, Szczecin and in Silesia with the Polish authorities.

was being postponed first circulated in Brighton. Mr. Frank Chapple, of the electricians' union — the most persistent critic of the TUC's decision to go ahead — said: "The Polish Government is treating the TUC General Council with the contempt it feels they deserve. This slap in the face for the TUC makes it clear that there was never any intention on the part of the Polish authorities of allowing meetings with genuine representatives of the workers. The TUC has been treated as dupes and should cancel this shameful trip."

The visit has been dogged by controversy for two weeks. The delegation had only just begun to settle after the Trades Union Congress debate on Wednesday.

AP-DJ adds from Washington: The AFL-CIO (the U.S. umbrella trade union federation) has endorsed the creation of a special fund to help the fledgling independent unions in Poland.

The federation's General Board, made up of officers of its 104 affiliated unions, has launched the fund with \$25,000 and has urged member unions to make individual contributions.

Mr. Lane Kirkland, the AFL-CIO president, dismissed concern that the fund could harm the independent Polish unions by appearing to the Soviet Union as outside interference. He said the Polish strike leaders had asked for financial support and "We must in all good conscience respond."

BP's second quarter net income of £371m is rather better than the analysts have been going for, given that it was inevitable there would be a sharp drop in FIFO-accounted stock gains since the January-March quarter when they swelled net income to £505m.

Still, there is no disguising the sharply adverse trend which is spelt out in chemicals — where the British operation is revealed to be heavily in losses. Meanwhile, the weakness of the dollar has continued to generate currency losses for BP — to the tune of £37m in the first half-year.

A welcome feature of the latest statement is the provision of additional current cost data. So it emerges that the cost of sales adjustment has dropped from £458m in January-March to £237m in April-June, underlining the effect of the lost buoyancy in prices. Current cost net income for the latest quarter is just £136m, of which £80m is generated by Sohio.

BP's clear message is that the squeeze on profitability is getting worse this quarter, and the sterling-dollar rate is still going against the group. Still, the latest Saudi developments could bring some relief if they at last remove the competitive advantage enjoyed for so long by the former Aramco partners. Meantime the squeeze is not exactly agonising. In the past week BP has paid out £777m in PRT, £250m for Selection Trust and £50m for property without needing to draw on its bankers.

NEI By the standards of the heavy engineering sector, the interim statement from Northern Engineering Industries (NEI) is positively perky. Profits are up from £11.7m to £12.5m pre-tax, and overall orders are higher than they were at the start of the year — thanks in particular to the mechanical engineering and mining sectors.

With only five weeks between the meetings and the U.S. Presidential elections the U.S. government is attempting to have IMF and World Bank by-laws changed.

The problem was sparked off last month when Mr. Amir Jamal, the Tanzanian Finance Minister who is chairing this year's annual meetings of the IMF and World Bank boards of governors issued an invitation to the PLO.

A resolution passed in Riyadh yesterday said: "It is the view of the Arab Governors of the IMF-World Bank administrators should, under the rules, execute the chairman's directives."

With only five weeks between the meetings and the U.S. Presidential elections the U.S. government is attempting to have IMF and World Bank by-laws changed.

But the U.S. administration is fighting a bitter diplomatic battle to prevent the PLO attending.

The problem was sparked off last month when Mr. Amir Jamal, the Tanzanian Finance Minister who is chairing this year's annual meetings of the IMF and World Bank boards of governors issued an invitation to the PLO.

A resolution passed in Riyadh yesterday said: "It is the view of the Arab Governors of the IMF-World Bank administrators should, under the rules, execute the chairman's directives."

With only five weeks between the meetings and the U.S. Presidential elections the U.S. government is attempting to have IMF and World Bank by-laws changed.

But the U.S. administration is fighting a bitter diplomatic battle to prevent the PLO attending.

The problem was sparked off last month when Mr. Amir Jamal, the Tanzanian Finance Minister who is chairing this year's annual meetings of the IMF and World Bank boards of governors issued an invitation to the PLO.

A resolution passed in Riyadh yesterday said: "It is the view of the Arab Governors of the IMF-World Bank administrators should, under the rules, execute the chairman's directives."

With only five weeks between the meetings and the U.S. Presidential elections the U.S. government is attempting to have IMF and World Bank by-laws changed.

But the U.S. administration is fighting a bitter diplomatic battle to prevent the PLO attending.

The problem was sparked off last month when Mr. Amir Jamal, the Tanzanian Finance Minister who is chairing this year's annual meetings of the IMF and World Bank boards of governors issued an invitation to the PLO.

A resolution passed in Riyadh yesterday said: "It is the view of the Arab Governors of the IMF-World Bank administrators should, under the rules, execute the chairman's directives."

With only five weeks between the meetings and the U.S. Presidential elections the U.S. government is attempting to have IMF and World Bank by-laws changed.

But the U.S. administration is fighting a bitter diplomatic battle to prevent the PLO attending.

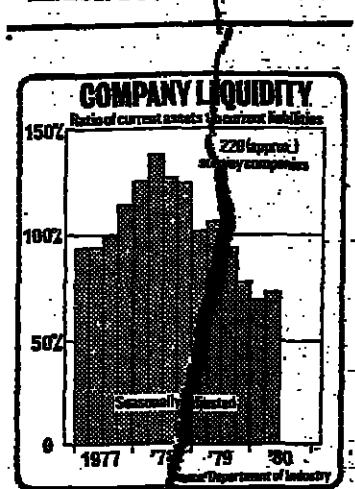
The problem was sparked off last month when Mr. Amir Jamal, the Tanzanian Finance Minister who is chairing this year's annual meetings of the IMF and World Bank boards of governors issued an invitation to the PLO.

THE LEX COLUMN

BP hit by the recession

Non-manufacturing companies have been improving their liquidity, according to the Department of Industry's latest survey, but this seems to have been achieved largely at the expense of manufacturing companies which have still to halt a declining trend. As for the liquidity of the financial system, the continuing problems were underlined yesterday by the Bank of England's extension yet again of gilt-edged repurchases yesterday to the tune of £500m or so.

Index rose 1.0 to 490.8



But NEI is not exactly achieving miracles as the UIC's margins are under pressure; the modest profit increase was achieved on a sales gain of 36 per cent. A sharp rise in the minorities charge shows that at least some of the improvement is coming from the overseas interests. And of course 1979 was a really bad year for NEI, with strikes and big losses on the switchgear business at Reyrolle — knocking group profits back from £30.5m to £18.1m. Reyrolle's recovery in itself could boost this year's profits by roughly £5m.

Yet although profitability in real terms must still be inadequate, the trends seem to be improving. Profits in the current half should be better than in the first six months and NEI expects in the near future to receive major manufacturing contracts for two AGR power stations. The group has more or less completed its rationalisation efforts of the past three years, and seems to be making a mark in new products and markets. These hopes have helped to push the shares to a high of 65p — a rise of more than four-fifths from the year's low point — where the historic yield is 8.4 per cent.

Costain group Costain has been warning of a period of consolidation, and it has therefore come as no surprise that trading profits at the halfway stage are virtually unchanged from last year, at £15.3m. Without the benefit of last year's property sales, pre-tax profits have emerged 11 per cent lower at £15.2m. An unchanged dividend helped push the share price down 2p yesterday to 194p — still two-fifths

above the level three months ago. While the big Middle East contracts are coming to an end, the group may still see £5m or so profits from this source in the current year. Total orders have edged up since March and the UK business is holding up in spite of the cutbacks in the public sector. But turnover is still tumbling — down a fifth from two years ago — and pre-tax margins of double the level of any other UK contractor must be vulnerable. Meanwhile, the exchange of £284m cash for County and District Properties will act as a further drag on profits, whatever it does for asset backing long-term. Diversification in other directions may also have its problems, as the involvement with Whessoe and Streeters of Godalming illustrates. So this year's likely out-turn of between £40m and £45m pre-tax may represent a plateau for as long as it is safe to look ahead.

Cadbury Schweppes The big productivity gains which boosted Cadbury Schweppes during 1979 were still holding the group in good stead in the first half of the current year. In the face of a slump in the confectionery volume UK trading profits actually rose a tenth or so, though the overseas performance has been patchy. The inevitable rise in interest costs has wiped out the trading advance, leading to a pre-tax decline from £21.7m to £21m, but this is still rather better than the market has been expecting and the shares bounced up 4 1/2p on the news to 86p, back to the year's high.

Outside UK confectionery, demand has not been too bad; drink volume has improved, and the overall decline elsewhere has been 4 to 5 per cent. In the UK, trading profits have apparently improved in all sectors (though only marginally in confectionery) and overseas there have been encouraging performances in Australia, South Africa and Canada. But the returns are still very low in the U.S., where Cadbury is impatiently waiting for the market leaders to end an 18-month price standstill.

Cadbury is cautiously optimistic about the immediate recovery prospects for UK confectionery, but its main long-term theme is that it will keep spending heavily on marketing and automation. The shares are solidly based.

Car output lowest for 10 years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

UK CAR production in August fell to the lowest level in any month for at least 10 years, and possibly since 1957, according to Department of Industry statistics released last night.

This reflects the short-time working at BL, Vauxhall and Talbot UK, which began around the holiday period. The only UK-based car manufacturer working at more-or-less normal levels is Ford which has cut imports to keep its British plants occupied.

However, even Ford has introduced short-time working at its components factories in the UK because these supply its plants throughout Europe and cannot be insulated from the full impact of the severe recession in car demand.

The other UK manufacturers face the prospect of poor sales in the second half of 1980. The industry forecasts that total car

Lucas Girling is seeking to cut its workforce by the equivalent of 2,000 jobs because of the motor industry recession. It aims to reduce production by between 20 per cent and 30 per cent from next month by a combination of short-time working and voluntary redundancies. Page 6 Vauxhall workers throw out pay deal. Page 8

registrations for the year will be down to 1.5m from last year's record 1.71m.

Manufacturers are reluctant to see stocks grow because current high interest rates make them expensive to finance.

Exporting is also difficult because of the high value of the pound against most other major trading currencies, a big factor in BL's current difficulties.

Vauxhall has been running down its export business and Talbot's problems stem from its £150m-a-year contract to send car kits to Iran where, although demand has held up, production

1.641m in 1970 but was down to 1.07m last year. Many forecasters expect output to be well below 1m — possibly 950,000 — in 1980.

Although there has been a sharp drop in commercial vehicle output, according to Department figures, it has not yet reached a record low point. The seasonally adjusted output of commercials in August was 23,900 against 22,900 in August last year and 40,900 in July.

© Ian Hargreaves writes from New York: The three largest U.S. motor manufacturers, Ford, Chrysler and General Motors, yesterday reported dismal sales for last month, when they failed to sustain the slight improvement shown in the previous two months.

The three companies sold 441,098 cars, 31.6 per cent fewer than a year before. The total was also well down on July's 514,000.

to industry negotiations to hold back the threatened tide of Japanese motor products.

The department is also wary because it does not wish to give the impression that Japanese investment is not welcome in Britain.

But it is adamant that any investment should bring reasonable benefits with it, and in the case of Hino the benefits would appear to be minimal because — at least to start with — there will be only a distribution business involved.

Mr. O'Neill says no Japanese investment is involved in either HVC or Harris, and that the Hino trucks, he intends to sell will have a UK content of about 20 per cent by value. Harris spends up to £3m a year on British components.

Automobile Manufacturers' Association in Tokyo.

Some society members are worried that Hino intends to "buy" a UK market share by selling trucks with subsidised low prices through "the back door" — Ireland.

Mr. Liam O'Neill, managing director of the Warrington company, HVC Motor Vehicle Distributors, has argued that he is not importing trucks from Japan but from Ireland, another EEC country.

The Department of Trade is moving cautiously. For one thing, Common Market regulations would seem to put direct involvement by the UK Government out of the question. That is why the Government has previously relied on industry-

Concern grows over Hino trucks

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CONCERN IS growing within the Department of Trade about the prospect of Japanese heavy trucks going on sale in Britain for the first time later this month.

The worries are from Hino, Japan's largest heavy truck maker which has close links with the Toyota group. Toyota has an 8.5 per cent shareholding in Hino.

Since 1989 Hino has been sending trucks in kit form to an Irish company, J. Harris (Assemblers), based near Dublin.

Now a new company has been set up by Harris former sales director at Warrington, New Town, Lancs. It intends to start selling Hino trucks imported from Ireland. The plan has caused a furore in the UK truck

industry and among trade unionists.

Now the Department of Trade has become so perturbed that it has started making informal inquiries in Japan, Ireland and the UK.

The department is particularly upset because, at first sight, the scheme seems to indicate a change of policy by the Japanese motor industry which has agreed not to export assembled trucks of over 3.5 tons to the UK.

The Warrington firm hopes to sell 500 trucks in its first full year, and then boost sales to 1,000 units a year.

The Hino project will head the list of priorities for discussion next week when the Society of Motor Manufacturers and Traders meets the Japanese

Automobile Manufacturers' Association in Tokyo.

Some society members are worried that Hino intends to "buy" a UK market share by selling trucks with subsidised low prices through "the back door" — Ireland.

Mr. Liam O'Neill, managing director of the Warrington company, HVC Motor Vehicle Distributors, has argued that he is not importing trucks from Japan but from Ireland, another EEC country.

The Department of Trade is moving cautiously. For one thing, Common Market regulations would seem to put direct involvement by the UK Government out of the question. That is why the Government has previously relied on industry-

Continued from Page 1

Liquidity

tomers and by delaying payments to suppliers.

Such a shift in trade credit by major groups would tend to highlight the survey, which covers only about 200 large companies. Consequently, as the Department of Industry concedes, the survey may not be representative of industrial and commercial companies as a whole.

The results are, however, consistent with the recent Confederation of British Industry trends survey which suggested that de-stocking was apparently relieving a difficult liquidity position for some companies.

Similarly, the Financial Times business opinion survey last Monday showed a slight improvement in the liquidity position of companies in the last two months.

Continued from Page 1

Poland

ing independent trade unions to be set up.

Mr. Jagielski, a supporter of the idea of independent trade unions, makes it clear in the interview that Poland's place was firmly within Comecon, and that "the Soviet Union is and will be the country's most important trading partner."

"This is an obvious truth and nobody questions this apart from a handful of opponents of socialism," said Mr. Jagielski.

Other Comecon countries he said, had promised to speed up, and increase, deliveries of raw materials, equipment and agricultural products because of Poland's present difficulties. He also said that more aid was expected from the Comecon countries, which may mean that the Soviet Union in particular could well step up deliveries

Lloyd's makes £131.4m in 1977

BY JOHN MOORE

LOYD'S OF LONDON, the insurance market backed by private wealth, declared profits of £131.4m yesterday for its 1977 underwriting year, only £3.8m short of its record £135m profits in the 1975 underwriting year.

Earlier this year Lloyd's feared it might do well just to break even. For the market faces its largest ever losses — more than £240m (£140m) from computer leasing insurance claims.

Lloyd's said yesterday that underwriters had created reserves to meet the losses from the computer leasing insurance, although so far only £71m had been paid out in computer leasing claims.

Lloyd's uses a three-year accounting method and the 1977 figures are the most recent available. Under the Lloyd's system accounts are kept open for three years and claims paid in the period of account are

LOYD'S OF LONDON — PREMIUMS AND CLAIMS 1977				
	Premium Income	Claims	Profit (after other income expenditure)	%
Marine	695.8	619.4	73.3	11.1
Aviation	145.5	144.3	1.2	0.8
Non-marine	907.5	899.8	7.7	0.8
Motor	147.3	132.7	14.6	10.0
Total	1,896.1	1,796.2	131.3	6.9

taken back to the original year in which the insurances were arranged.

Lloyd's warned yesterday that premiums for motor insurance policies with Lloyd's underwriters could rise by as much as 30 per cent over the next year. The increase may be imposed in two instalments of 10 per cent, at six-monthly intervals, in 1980 and 1981. The effect of inflation on motor repairs' labour charges and the cost of spare parts was blamed for the increase.

The marine insurance market, which accounts for Lloyd's most profitable business, produced an underwriting profit of £76.4m compared with £74.7m in the 1976 underwriting year.

Marine insurers warned that the loss of 42 vessels in 1979, including a number of large tankers, was likely to make its mark on the 1979 underwriting account. So far the settlement ratio — of claims to premiums — in the first year of the 1979 account is running at 32.6 per cent, the highest since the mid-1960s when claims soared after Hurricane Betsy.

The marine insurance market, which accounts for Lloyd's most profitable business, produced an underwriting profit of £76.4m compared with £74.7m in the 1976 underwriting year.

Marine insurers warned that the loss of 42 vessels in 1979, including a number of large tankers, was likely to make its mark on the 1979 underwriting account. So far the settlement ratio — of claims to premiums — in the first year of the 1979 account is running at 32.6 per cent, the highest since the mid-1960s when claims soared after Hurricane Betsy.

The marine insurance market, which accounts for Lloyd's most profitable business, produced an underwriting profit of £76.4m compared with £74.7m in the 1976 underwriting year.

Framework for banking capital

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

A NEW FRAMEWORK for assessing the capital requirements of British banks and licensed deposit-takers is published today by the Bank of England.

It forms the first part of a new scheme for the prudential supervision of the UK banking community which will eventually extend to safeguards for liquidity and foreign exchange exposure.

It involves a new definition of a bank's capital base, and lays down two ratios for measuring the adequacy of that capital. The first of these, known as the Gearing Ratio, is meant to be

adjusted capital base — all capital less fixed assets — as a proportion of deposits and non-capital liabilities.

The risk asset ratio involves a different adjusted capital base — this time premises are not deducted from capital — expressed as a percentage of a bank's risk assets.

The figure for risk assets is to be arrived at by applying a series of different weights to a bank's assets: thus Bank of England notes and UK coin require no capital cover, while market loans to UK residents require full cover, and property must be covered twice.

Weather

UK TODAY

CLOUDY, with brighter weather spreading from the west. London, S. and E. England, Channel Islands, and Central N. England

Cloudy, rain becoming dry later. Max. 20C (68F). W. Midlands, S.W. England and S. Wales

Sunny intervals, isolated showers. Max. 19C (66F). N.W. England, N. Wales

Scattered showers, sunny intervals. Max. 17C (63F). N.E. England, Scotland

Showers, sunny intervals. Max. 18C (61F). Outlook: Dry and warm in S.E., unsettled elsewhere.

WORLDWIDE

Y day Jersey C 17 63

midday La-burg S 24 75

*C L. Pins. S 28 82

"I want to save, see my money grow, know it's safe. For me, the Crusader 10-year savings plan is perfect."

There are many savings plans. Mostly unit-linked. Offering the chance — and risk — of switching your funds to gold, property, gilt-edged and similar dazzling markets.

Fine, if you're a financial genius, but if you're not... well, you could lose money. A pity, when the Crusader 10-Year Savings Plan affords you total protection and every advantage. Including tax-relief, and valuable options at the end.

It's all so simple. You decide on your premium or put down a lump sum as a temporary annuity for paying those annual premiums for you.

After 10 years, you can use your healthy hoard of tax-free money several ways. For instance, claim the entire guaranteed sum plus any bonuses, free of Income and Capital Gains Taxes.

Or use some of your savings for an annuity, to pay premiums on a further 10-Year Plan. Or again, you could let the cash stay put, quietly increasing with our annual growth bonuses.

Alternatively, you could draw some or all the money as a tax-free income, a pension for life or for a specific number of years.

So with Crusader you've a choice, protection and valuable foolproof options. As we said, if you're a financial genius, stick to a unit-linked scheme. But if you're not, send for the Crusader 10-Year Savings Plan brochure.

CRUSADER
Always the best policy.
Crusader Insurance Co. Ltd.
Reigate, Surrey RH2 8BL Tel: 07372 42424

Printed by St. Clement's Press for and published by Rock House, Cannon Street, London, EC4A 3DF. © The Financial Times Ltd. 1980.